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BEFORE THE ARIZONA CORPORATION COMMISSION**COMMISSIONERS**

Arizona Corporation Commission

DOCKETED

APR 18 2014

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
LIBERTY UTILITIES (LITCHFIELD PARK
WATER & SEWER) CORP., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANTS
AND PROPERTY AND FOR INCREASES IN ITS
WASTEWATER RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE.

DOCKET NO. SW-01428A-13-0042

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LIBERTY UTILITIES (LITCHFIELD PARK
WATER & SEWER) CORP., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANTS
AND PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE.

DOCKET NO. W-01427A-13-0043

DECISION NO. 74437**OPINION AND ORDER**

DATE OF HEARING:

December 6 and 11 (pre-hearing conferences),
9 (public comment and procedural conference),
13, and 16, 2013

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Teena Jibilian

APPEARANCES:

Mr. Jay Shapiro, FENNEMORE CRAIG, PC, on
behalf of Liberty Utilities (Litchfield Park Water
& Sewer) Corp.;

Mr. Daniel W. Pozefsky, Chief Counsel, on
behalf of the Residential Utility Consumer
Office; and

Ms. Robin Mitchell and Mr. Matthew Laudone,
Staff Attorneys, Legal Division, on behalf of the
Utilities Division of the Arizona Corporation
Commission.

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1 **BY THE COMMISSION:**

2 * * * * *

3 Having considered the entire record herein and being fully advised in the premises, the
 4 Arizona Corporation Commission (“Commission”) finds, concludes, and orders that:

5 **FINDINGS OF FACT**6 **I. Procedural History**

7 1. On February 28, 2013, Liberty Utilities (Litchfield Park Water & Sewer) Corp.
 8 (“LPSCO” or “Company”)¹ filed the above-captioned rate applications with the Arizona Corporation
 9 Commission (“Commission”).

10 2. On March 4, 2013, the Company filed a Motion to Consolidate in each docket.

11 3. On March 28, 2013, the Commission’s Utilities Division (“Staff”) filed a Letter of
 12 Sufficiency in each docket.

13 4. On April 12, 2013, a Rate Case Procedural Order was issued, consolidating the
 14 dockets, scheduling the matter for hearing, setting procedural deadlines, and directing public notice
 15 of the applications and hearing.

16 5. On May 10, 2013, the Company filed a Request to Correct Notice.

17 6. On May 13, 2013, a Procedural Order was issued granting the Company’s Request to
 18 Correct Notice.

19 7. On July 19, 2013, the Company docketed a Notice of Filing Certification and Proof of
 20 Mailing, indicating that public notice of the consolidated applications and the hearing thereon was
 21 published on June 11, 2013 in the *West Valley View*, and that notice was mailed to the Company’s
 22 customers on June 11, June 19, June 28, and July 17, 2013.

23 8. Between June 26, 2013 and September 26, 2013, seven customer comments were filed
 24 opposing the requested rate increases.

25 9. Intervention was granted to the Residential Utility Consumer Office (“RUCO”), and
 26 Olivia Burnes.

27 _____
 28 ¹ Following the filing of the application, LPSCO changed its name from Litchfield Park Service Company dba Liberty Utilities to Liberty Utilities (Litchfield Park Water & Sewer) Corp. See Hearing Transcript (“Tr.”) at 13.

1 10. On September 25, 2013, Staff filed a request that the deadline for filing its testimony
2 be extended to September 27, 2013.

3 11. On September 26, 2013, Staff filed the Direct Testimony of its witnesses Darron W.
4 Carlson, John A. Cassidy, and Dorothy Hains.

5 12. On September 26, 2013, the Company filed Notices of Filing System Improvements
6 Benefits Mechanism Surcharge Projects for both its Water and Wastewater divisions.

7 13. On September 27, 2013, RUCO filed the Direct Testimony of its witness Robert B.
8 Mease.

9 14. On October 4, 2013, RUCO filed the Direct Testimony on Rate Design of Robert B.
10 Mease and Staff filed the Direct Testimony on Rate Design of Darron W. Carlson.

11 15. On October 16, 2013 and October 21, 2013, Staff filed Notices of Errata to the Direct
12 Testimony on Rate Design of Darron W. Carlson.

13 16. On October 23, 2013, the Company filed the Rebuttal Testimonies of its witnesses
14 Christopher D. Krygier, Thomas J. Bourassa, Greg Sorenson, and Wendell Licon.

15 17. On October 29, 2013, the Company filed a Notice of Errata which included its revised
16 Rebuttal Schedule H-3, page 4, which matched the charges being proposed by Staff.

17 18. On November 12, 2013, RUCO filed the Surrebuttal Testimony of its witness Robert
18 B. Mease.

19 19. On November 12, 2013, Staff filed the Surrebuttal Testimonies of its witnesses Darron
20 W. Carlson, John A. Cassidy, and Dorothy M. Hains.

21 20. On November 13, 2013, the Company filed a Notice of Errata with a revised Rebuttal
22 Schedule D-1 reflecting its proposed return on equity of 9.70 percent.

23 21. On December 4, 2013, the Company filed the Rejoinder Testimonies of its witnesses
24 Christopher D. Krygier, Thomas J. Bourassa, Greg Sorenson, and Wendell Licon.

25 22. On December 4, 2013, RUCO filed a Notice of Supplemental Filing to update the
26 Surrebuttal Testimony of its witness Robert B. Mease.

27 23. On December 5, 2013, the Company filed witness summaries of its witnesses
28 Christopher Krygier, Thomas J. Bourassa (Rate Base), and Greg Sorenson.

1 24. On December 6, 2013, RUCO filed a witness summary of its witness Robert B.
2 Mease.

3 25. On December 6, 2013, the pre-hearing conference convened as scheduled. The
4 Company, RUCO, and Staff appeared through counsel and discussed procedural issues associated
5 with the hearing. The parties stated that they were discussing settlement of some issues in the case,
6 and requested that no evidence be presented on the first scheduled day of the evidentiary hearing,
7 December 9, 2014, but that December 9, 2014 be scheduled instead for public comment, followed by
8 an additional pre-hearing conference at which the parties could provide an update of the progress on
9 settling the issues and a proposed date for the hearing to commence.

10 26. On December 9, 2013, the Company filed witness summaries of its Cost of Capital
11 witnesses Thomas J. Bourassa and Wendell Licon.

12 27. On December 9, 2013, the hearing convened for the purpose of taking public
13 comment. Two members of the public appeared and provided public comment, expressing concern
14 with the effects of the Company's requested rate increase on their HOA water bills. Following public
15 comment, a procedural conference was held, with counsel for the Company, RUCO, and Staff
16 attending. The parties stated that they were still working toward a settlement of all issues in the case
17 with the exception of the System Improvement Benefit ("SIB") surcharge mechanisms proposed by
18 the Company and supported by Staff, but not by RUCO. As requested by the parties, the evidentiary
19 hearing was again postponed to an undetermined date, pending another procedural conference to be
20 held on December 11, 2013.

21 28. On December 11, 2013, a telephonic procedural conference convened as scheduled.
22 The Company, RUCO and Staff appeared through counsel. The parties indicated that a Settlement
23 Agreement signed by the Company and RUCO would be filed later that day, and that while Staff did
24 not intend to oppose it, Staff had elected not to be a signatory to the Settlement Agreement, due to
25 timing issues. Staff was directed to file Direct Testimony of a witness regarding the Settlement
26 Agreement. The evidentiary hearing was set to convene on Friday, December 13, 2013, at 1:00 p.m.
27 for the purpose of taking testimony on the Settlement Agreement, and to continue on Monday,
28 December 16, 2013 at 10:00 a.m. for taking testimony on remaining disputed issues.

1 29. On December 11, 2013, the Company filed a Notice of Filing Settlement Agreement,
2 along with a copy of a Settlement Agreement signed by representatives of the Company and RUCO.
3 A copy of the Settlement Agreement is attached hereto as Exhibit A.

4 30. On December 12, 2013, Staff filed the Direct Testimony Regarding Settlement
5 Agreement of its witness James R. Armstrong.

6 31. On December 12, 2013, Staff filed witness summaries of its witnesses Darron W.
7 Carlson, Dorothy M. Hains, and James R. Armstrong.

8 32. On December 13, 2014, the hearing convened before a duly authorized Administrative
9 Law Judge for the taking of evidence on the application. The Company, RUCO and Staff appeared
10 through counsel, presented evidence through their witnesses, and were provided an opportunity to
11 cross examine other witnesses. The hearing concluded on December 16, 2013.

12 33. Prior to the conclusion of the hearing, late filed hearing exhibits A-25 and A-26,
13 consisting of proposed Plans of Administration for the water and wastewater SIB surcharge
14 mechanisms proposed by the Company in this proceeding, were admitted with no objection. The
15 parties were informed that any responsive filings would be due one week following the filing of
16 Exhibits A-25 and A-26.

17 34. On January 3, 2014, the Company filed a Notice of Filing Late Filed Exhibits, to
18 which was attached late filed Hearing Exhibits A-25 and A-26.

19 35. On January 8, 2014, RUCO filed Notice that it had no opposition to late filed Hearing
20 Exhibits A-25 and A-26, and further, that RUCO did not intend to file any testimony regarding late
21 filed Hearing Exhibits A-25 and A-26.

22 36. On January 17, 2014, the Company, RUCO, and Staff filed Initial Closing Briefs.

23 37. On January 31, 2014, the Company, RUCO, and Staff filed Reply Closing Briefs, and
24 the matter was taken under advisement.

25 38. Due to the delay in commencement of the evidentiary hearing to accommodate the
26 parties' settlement discussions, the timeclock in this matter should be extended to April 9, 2014,
27
28

1 pursuant to A.A.C. R14-2-103(b)(11)(ii).²

2 **II. Background**

3 39. LPSCO is an Arizona public service corporation that provides water and wastewater
4 utility service to the public in communities within the cities of Litchfield Park, Goodyear, and
5 Avondale, and in adjacent unincorporated areas of Maricopa County in the west Phoenix valley, west
6 of the Agua Fria River and north of Interstate Highway 10. During the test year, LPSCO served
7 16,802 water customers and 16,161 wastewater customers.

8 40. LPSCO, an Arizona C Corporation, is owned by Liberty Utilities, a Delaware
9 corporation, through its operating subsidiary Liberty Utilities (West). Liberty Utilities' ultimate
10 parent is Algonquin Power & Utilities Corp., a Canadian corporation whose shares are traded on the
11 Toronto Stock Exchange.³

12 41. LPSCO's current rates were approved in Decision No. 72026 (December 10, 2010).

13 42. The current application is based on a test year ended December 31, 2012.

14 **III. Settlement Agreement Issues**

15 43. LPSCO and RUCO are signatories to a Settlement Agreement in this case. A copy of
16 the Settlement Agreement is attached hereto as Exhibit A. The Settlement Agreement between
17 LPSCO and RUCO resolves all disputed issues in this case, among all parties to the case, with the
18 exception of the SIB issues. While Staff is not a signatory to the Settlement Agreement, Staff
19 participated in preparation of the Summary Schedules attached as Exhibit 1 to the Settlement
20 Agreement,⁴ stipulates to the terms of the Settlement Agreement, and recommends that the
21 Commission adopt it.⁵

22 44. For its water division, LPSCO's application requested a revenue increase of
23 \$2,257,160, over adjusted test year revenues of \$11,201,390, or 20.15 percent, for a total revenue

24 ² This timeclock extension allows time for satisfaction of the Settlement Agreement's request that new rates become
25 effective on or before May 1, 2014.

26 ³ According to Algonquin Power & Utilities Corp.'s March 28, 2013 Annual Information Form filed with the U.S.
27 Securities and Exchange Commission, Liberty Utilities is wholly owned by Liberty Utilities (America) Holdco Inc., a
28 Delaware corporation, which is wholly owned by Liberty Utilities (America) Co., a Delaware corporation. Liberty
Utilities (America) Co. is a wholly owned subsidiary of Liberty Utilities (Canada) Corp., a Canadian federal corporation,
which is in turn wholly owned by Algonquin Power & Utilities Corp.

⁴ Direct Testimony of Staff witness James Armstrong, Hearing Exhibit ("Exh.") S-1 at 1.

⁵ *Id.* at 2.

1 requirement of \$13,458,550, and a 9.50 percent rate of return on its proposed fair value rate base
 2 ("FVRB")⁶ of \$35,647,602. The terms of the Settlement Agreement call for an 8.76 percent rate of
 3 return on FVRB of \$33,103,506. This results in a revenue increase of \$1,423,850 over adjusted test
 4 year revenues of \$11,201,268, or 12.71 percent, for a total revenue requirement of \$12,625,118.⁷

5 45. For its wastewater division, LPSCO's application requested a revenue increase of
 6 \$659,088 over adjusted test year revenues of \$10,361,603, or 6.36 percent, for a total revenue
 7 requirement of \$11,020,691, and a 9.50 percent rate of return on its proposed FVRB of \$23,877,697.
 8 The terms of the Settlement Agreement call for an 8.76 percent rate of return on FVRB of
 9 \$24,190,673. This results in a revenue increase of \$342,962 over adjusted test year revenues of
 10 \$10,362,796, or 3.31 percent, for a total revenue requirement of \$10,705,758.⁸

11 **A. Rate Base**

12 46. Water Division. The parties agree that the FVRB for LPSCO's water division is
 13 \$33,103,506. Based on the entirety of the record in this proceeding, we find that the FVRB for
 14 LPSCO's water division is \$33,103,506.

15 47. Wastewater Division. The parties agree that the FVRB for LPSCO's wastewater
 16 division is \$24,190,673. Based on the entirety of the record in this proceeding, we find that the
 17 FVRB for LPSCO's wastewater division is \$24,190,673.

18 **B. Operating Income**

19 48. Water Division. The parties agree that the adjusted test year revenues for the water
 20 division are \$11,201,268, and adjusted test year operating expenses are \$9,166,122, for test year
 21 adjusted operating income of \$2,035,146. Based on the entirety of the record in this proceeding, we
 22 determine that the test year adjusted operating income for LPSCO's water division is \$2,035,146.

23 49. Wastewater Division. The parties agree that the adjusted test year revenues for the
 24 wastewater division are \$10,362,796, and adjusted test year operating expenses are \$8,451,599, for
 25 test year adjusted operating income of \$1,911,197. Based on the entirety of the record in this
 26

27 ⁶ LPSCO proposed that its original cost rate base ("OCRB") be considered its FVRB.

⁷ The differences between these revenue requirement figures and those appearing in the Settlement Agreement Summary
 28 Schedules are due to rounding errors, and are *de minimus*.

⁸ *Id.*

proceeding, we determine that the test year adjusted operating income for LPSCO's wastewater division is \$1,911,197.

C. Cost of Capital

50. LPSCO's actual capital structure at the end of the test year was 15.87 percent long-term debt and 84.13 percent common equity, and the parties recommend adoption of this capital structure. The parties reached agreement on a cost of debt of 6.4 percent and a cost of equity as recommended by RUCO of 9.2 percent, for a weighted average cost of capital of 8.76 percent. We determine that based on the entirety of the record in this proceeding, an 8.76 percent rate of return on FVRB is just and reasonable.

51. Cost of capital summary:

	Percentage	Cost	<u>Weighted Average Cost</u>
Common Equity	84.13%	9.20%	7.74%
Long-Term Debt	15.87%	6.40%	<u>1.02%</u>
Weighted Average Cost of Capital			8.76%

D. Authorized Revenue Increase

52. Based on our findings herein, we determine that LPSCO is entitled to a gross revenue increase of \$1,423,850 for its water division.⁹

Fair Value Rate Base	\$ 33,103,506
Adjusted Operating Income	2,035,146
Required Rate of Return	8.76%
Required Operating Income	2,898,867
Operating Income Deficiency	864,721
Gross Revenue Conversion Factor	1.6466
Gross Revenue Increase	\$ 1,423,850

53. Based on our findings herein, we determine that LPSCO is entitled to a gross revenue

⁹ The differences between these revenue requirement figures and those appearing in the Settlement Agreement Summary Schedules are due to rounding errors, are *de minimus*, and have no effect upon the rates proposed in the Settlement Agreement, which are set forth in Exhibit F.

1 increase of \$342,962 for its wastewater division.¹⁰

2	Fair Value Rate Base	\$ 24,190,673
3	Adjusted Operating Income	1,911,197
4	Required Rate of Return	8.76%
5	Required Operating Income	2,119,103
6	Operating Income Deficiency	207,906
7	Gross Revenue Conversion Factor	1.6496
8	Gross Revenue Increase	\$ 342,962

9
10 **E. Rate Design**

11 54. The parties are in agreement on rate designs and service charges for the water and
12 wastewater divisions as they appear in the Summary Schedules of the Settlement Agreement. The
13 proposed rate design for the water division includes inverted tiers intended to promote water
14 conservation. The proposed rate design is reasonable and appropriate, and will be adopted.

15 55. Decision No. 72026 approved a low income tariff for LPSCO's water and wastewater
16 divisions.¹¹ The tariff is designed to allow customers with gross annual household incomes of 150
17 percent of federal poverty guidelines to receive a discount on their water bills after submitting an
18 application to determine eligibility.¹² In this case, the parties propose a modified low income tariff to
19 reflect an increased discount from 15 percent to 30 percent for eligible customers, and propose that
20 the Company file the modified tariff at the time it files revised schedules of rates and charges as
21 required by this Decision.

22 56. The proposed rate design and modification to LPSCO's low income tariff are
23 reasonable and appropriate, and will be adopted. LPSCO should continue to implement the low
24 income tariff, as modified, in accordance with the guidelines adopted in Decision No. 72026.

25 **F. Depreciation Rates**

26 57. The parties recommend that LPSCO use the depreciation and amortization rates

27 ¹⁰ *Id.*

28 ¹¹ Decision No. 72026 at 69-70 and Exhibit A.

¹² Decision No. 72026 at 69.

1 proposed by Staff and contained in Staff's Engineering Report, which are reproduced on the water
 2 and wastewater Schedules C-2, page 2 of the Summary Schedules attached as Exhibit 1 to Exhibit A.
 3 LPSCO should be directed to use those depreciation and amortization rates on a going forward basis.

4 **G. Off-Site Facilities Water Hook-Up Fee Tariff**

5 58. The Company's current water division off-site facilities hook-up fee tariff does not
 6 include tariffed fees for meter sizes 6 inches and larger. The Settlement Agreement shows tariffed
 7 hook-up fees for 6, 8, 10, and 12 inch meter sizes on water division Schedule H-3, page 5. Staff
 8 recommends approval of the fees, and that LPSCO be required to file a new off-site facilities hook-up
 9 fee tariff in conformance with Figure 7 of the Staff Water Engineering Report, attached to the Direct
 10 Testimony of Staff witness Dorothy Hains, Hearing Exh. S-2. At the hearing, LPSCO's witness
 11 testified that LPSCO is in agreement with Staff's recommendation, and would file the tariff at the
 12 time it files its revised rate schedules. LPSCO should be directed to make the filing at that time.

13 **H. Purchased Power Adjustor Mechanism ("PPAM")**

14 59. In the Settlement Agreement, RUCO agreed not to oppose LPSCO's proposed PPAM
 15 as modified by Staff. Staff reviewed LPSCO's purchased power costs for the years 2008 through
 16 2012, and recommends approval of a PPAM for both the water and wastewater divisions, provided
 17 that LPSCO files an annual report on its purchased power costs. Staff proposes to calculate an annual
 18 increase or decrease in the adjustor, and provide a Recommended Order for Commission approval
 19 within 30 days of LPSCO's filing the annual purchased power report. LPSCO agreed to file a Plan of
 20 Administration for the PPAM within 90 days of this Decision. Staff's recommendations are
 21 reasonable, and the requested PPAM for LPSCO's water and wastewater divisions should be
 22 approved, subject to the filing, within 90 days of this Decision, for Commission approval, of a Plan of
 23 Administration for the PPAM that comports with Staff's recommendations.

24 **I. Change in State Corporate Income Tax Rate**

25 60. Arizona state law calls for annual reductions in the corporate income tax rate from
 26 December 31, 2014 through December 31, 2016.¹³ Staff's witness testified that the provisions of this

27 _____
 28 ¹³ Direct Testimony of Staff witness Darron W. Carlson, Hearing Exh. S-6 at 32-33, referring to the effects of House Bill 2001, signed into law on February 17, 2011.

1 law give rise to excess deferred income taxes.¹⁴ Staff recommends that LPSCO be required to
 2 determine the amount of its excess deferred income tax related to the changes in State income tax,
 3 and within 90 days of this Decision, file a plan on how to refund any excess State income tax
 4 recoveries to ratepayers. LPSCO agreed to Staff's recommendations.

5 **J. Water Usage Report**

6 61. The adjusted test year revenues for the water division agreed to by the parties includes
 7 a \$58,000 decrease in test year revenues based on the declining usage-driven revenue erosion of its
 8 3/4-inch and 1-inch residential customers. As part of its recommendation for approval of the
 9 declining usage adjustment, Staff recommends that LPSCO be required to file an annual report every
 10 January that details the monthly usage of each meter size and customer class for the prior calendar
 11 year.¹⁵ Staff stated that it will review the annual filings, and if Staff believes Commission action is
 12 necessary, will file such a recommendation to the Commission. LPSCO agreed to Staff's
 13 recommendation. Staff's recommendation is reasonable and should be adopted.

14 **K. Best Management Practices Tariffs ("BMPS")**

15 62. LPSCO's service area is located in the Phoenix Active Management Area ("AMA").
 16 LPSCO currently has five BMP tariffs in place. LPSCO agreed to submit for Commission approval
 17 the five additional BMP tariffs shown in Figure 8 of the Staff Water Engineering Report, attached to
 18 Hearing Exh. S-2, Direct Testimony of Staff witness Dorothy Hains, in addition to its current BMP
 19 tariffs.

20 **IV. Water and Wastewater SIBs**

21 63. The only disputed issue in this proceeding is whether LPSCO's requested water and
 22 wastewater SIB surcharge mechanisms should be approved. LPSCO and Staff are in agreement that
 23 the Company should be authorized to implement water and wastewater SIB surcharge mechanisms.
 24 RUCO does not agree.

25 64. In its application, LPSCO sought approval of a Distribution System Improvement
 26 Charge ("DSIC") or DSIC-like mechanism for both its water and wastewater divisions to recover the
 27

28 ¹⁴ Direct Testimony of Staff witness Darron W. Carlson, Hearing Exh. S-6 at 33.

¹⁵ Tr. at 69; Direct Testimony of Staff witness Darron W. Carlson, Hearing Exh. S-6 at 31-32.

1 capital costs (return on investment, income taxes and depreciation expense) associated with system
2 improvement projects verified to be completed and placed in service between rate cases.

3 65. In its October 23, 2013 filing of Rebuttal Testimony, LPSCO formally modified its
4 DSIC request in order to seek approval of water and wastewater SIB surcharge mechanisms, in the
5 form approved by the Commission in Decision No. 73938 (June 27, 2013).¹⁶

6 66. LPSCO is requesting approval of water and wastewater SIBs that are materially the
7 same as the SIB mechanism described in and approved by Decision No. 73938, under the same terms
8 and conditions as the SIB approved in Decision No. 73938.¹⁷ During preparation for the hearing on
9 its application, LPSCO furnished to the parties approximately 600 pages of engineering and financial
10 documentation, and worked with the Commission's Engineering Staff during the preparation for the
11 hearing in this case to develop water and wastewater SIB schedules.¹⁸

12 67. LPSCO believes approval of the water and wastewater SIBs will serve the public
13 interest by allowing LPSCO to make significant plant investments to maintain and improve service to
14 existing customers in a way that will lessen the impact of necessary rate increases by allowing
15 smaller, more incremental rate increases.¹⁹

16 68. RUCO does not agree with LPSCO that the water and wastewater SIB are in the
17 public interest, and does not support their approval.²⁰ RUCO believes that the water and wastewater
18 SIBs are bad public policy, are illegal and mechanically flawed.²¹ Further, RUCO believes that
19 neither Staff nor LPSCO have made a case to support Commission approval of the water and
20 wastewater SIBs in this case.²²

21 69. After evaluating the financial and engineering information provided by LPSCO to
22 support its water and wastewater SIB requests, Staff found the information provided by LPSCO
23
24

25 ¹⁶ Decision No. 73938 approved a SIB mechanism for Arizona Water Company's Eastern Group. Judicial notice was
taken in this proceeding of Decision No. 73938, which RUCO marked as Hearing Exh. R-7.

26 ¹⁷ Tr. at 76.

¹⁸ Settlement Agreement ¶ 6.3.

¹⁹ Settlement Agreement ¶ 6.2.

27 ²⁰ Settlement Agreement ¶ 6.6.

²¹ *Id.*

28 ²² *Id.*

adequate, and the proposed plant improvements to be reasonable and prudent.²³ Staff recommends that the Commission authorize the water and wastewater SIBs for LPSCO.²⁴

70. Water Division SIB Plant Table I. In the course of analyzing the application, Staff reviewed the September 26, 2013 Litchfield Park Facilities Assessment, Volume 2 – Water, which was prepared for LPSCO by an outside engineering firm.²⁵ Table 7 of Hearing Exh. A-21 contains the details, justifications, and cost estimates for LPSCO’s proposed five year plan for replacement water plant projects.²⁶ A copy of that Table 7 is labeled as “Water Division SIB Plant Table I,” and is attached hereto and incorporated herein as Exhibit B. Staff Engineering analyzed and prepared a summary of LPSCO’s proposed five year water infrastructure plan by year (2014-2018), plant account, and annual estimated project costs.²⁷ LPSCO’s five year plan includes infrastructure additions in four National Association of Regulatory Utility Commissioners (“NARUC”) plant accounts: Services, Meters, Hydrants, and Transmission & Mains.²⁸ Staff found the proposed five year water infrastructure replacement plan, at a cost of \$9,160,400, to be reasonable and appropriate.²⁹ Staff stated, however, that it made no “used and useful” determination of the proposed plant items, and that no conclusions should be inferred for rate making or rate base purposes in the future.³⁰

71. Wastewater Division SIB Plant Table I. In the course of analyzing the application, Staff reviewed the September 26, 2013 Litchfield Park Facilities Assessment, Volume 2 – Wastewater, which was prepared for LPSCO by an outside engineering firm.³¹ Table 7 of Hearing Exh. A-20 contains the details, justifications, and cost estimates for LPSCO’s proposed five year plan for replacement wastewater plant projects.³² A copy of that Table 7 is labeled as “Wastewater

²³ Tr. at 199-200; Staff Water Engineering Report at 13-14, attached to Hearing Exh. S-2, Direct Testimony of Staff witness Dorothy Hains; Staff Wastewater Engineering Report at 11, attached to Hearing Exh. S-2, Direct Testimony of Staff witness Dorothy Hains.

²⁴ Staff Br. at 15.

²⁵ Hearing Exh. A-21.

²⁶ Hearing Exh. A-21 at 17 and Table 7.

²⁷ Staff Water Engineering Report at 13-14, attached to Hearing Exh. S-2, Direct Testimony of Staff witness Dorothy Hains.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ Hearing Exh. A-20.

³² Hearing Exh. A-20 at 12 and Table 7.

1 Division SIB Plant Table I,” and is attached hereto and incorporated herein as Exhibit C. Staff
 2 Engineering analyzed and prepared a summary of LPSCO’s proposed five year wastewater
 3 infrastructure plan by year (2014-2018), plant account and annual estimated project costs.³³ The five
 4 year plan includes infrastructure in three NARUC plant accounts: Services, Manholes, and Gravity
 5 Flow Collection Sewer.³⁴ Staff found the proposed five year wastewater infrastructure replacement
 6 plan, at a cost of \$10,337,600, to be reasonable and appropriate.³⁵ Staff stated, however, that it made
 7 no “used and useful” determination of the proposed plant items, and that no conclusions should be
 8 inferred for rate making or rate base purposes in the future.³⁶

9 72. At the hearing, LPSCO presented draft Plans of Administration (“POAs”) for its
 10 proposed water and wastewater SIB surcharge mechanisms.³⁷ At the time of the hearing, LPSCO and
 11 Staff were working together on a final draft form of the POAs. Before the conclusion of the hearing,
 12 late filed hearing exhibits A-25 and A-26, consisting of LPSCO’s final proposed POAs for the water
 13 and wastewater SIB surcharge mechanisms, were admitted with no objection. Parties were informed
 14 at that time that an opportunity to file responsive testimony would be provided. On January 3, 2014,
 15 the Company filed a Notice of Filing Late Filed Exhibits, to which was attached late filed Hearing
 16 Exhibits A-25 and A-26, the proposed POAs for LPSCO’s proposed wastewater and water SIBs,
 17 respectively. On January 8, 2014, RUCO docketed Notice that it did not oppose late filed Hearing
 18 Exhibits A-25 and A-26, and further, that RUCO did not intend to file testimony regarding late filed
 19 Hearing Exhibits A-25 and A-26. A copy of LPSCO’s proposed water SIB POA is attached hereto
 20 and incorporated herein as Exhibit D. A copy of LPSCO’s proposed wastewater SIB POA is attached
 21 hereto and incorporated herein as Exhibit E.

22 73. The proposed SIB mechanisms are designed to allow the Commission to authorize
 23 LPSCO to recover between rate cases, through a surcharge, the pre-tax return on investment and
 24 depreciation expense associated with the specific water and wastewater infrastructure projects, net of
 25

26 ³³ Staff Wastewater Engineering Report at 11, attached to Hearing Exh. S-2, Direct Testimony of Staff witness Dorothy Hains.

27 ³⁴ *Id.*

28 ³⁵ *Id.*

³⁶ *Id.*

³⁷ Hearing Exhs. A-23 and A-22, respectively.

1 associated plant retirements, which have been submitted for review in this rate proceeding and which
 2 LPSCO plans to complete and place in service, to serve existing connections, prior to LPSCO's next
 3 rate case filing (no later than June 1, 2019). Under the proposed SIB mechanisms, the projects will
 4 be subject to a usefulness and prudence review in LPSCO's next rate case, and any approved
 5 surcharges will be subject to true-up and refund.

6 74. The key provisions of LPSCO's proposed water and wastewater SIBs, as detailed in
 7 the proposed POAs, are as follows:

- 8 a. Approval of SIB-Eligible Projects – All SIB-eligible projects must be reviewed by
 9 Staff and approved by the Commission prior to being included in the SIB
 10 surcharges.³⁸ All of the projects must be completed and placed into service prior
 11 to being included in the SIB surcharges.³⁹ LPSCO must file a report with the
 12 Commission every six months summarizing the status of all SIB-eligible
 13 projects.⁴⁰
- 14 b. Costs Eligible for SIB Recovery – Cost recovery under the SIB mechanism is
 15 allowed for the pre-tax return on investment and depreciation expense associated
 16 with SIB projects, net of associated plant retirements. The rate of return,
 17 depreciation rates, gross revenue conversion factor and tax multiplier are to be the
 18 same as established in this Decision.⁴¹
- 19 c. Efficiency Credit – The SIB surcharge will include an efficiency credit equal to
 20 five percent of the SIB revenue requirement.⁴²
- 21 d. Surcharge Cap – The amount that can be collected annually by each SIB surcharge
 22 filing is limited to five percent of the revenue requirement authorized in this
 23 Decision.⁴³
- 24 e. Timing of the SIB Surcharge Filing – For each division, LPSCO may file up to

25 ³⁸ Exhibit D at 2, 8-9 (emergency circumstances requirements) and Exhibit E at 2, 8-9 (emergency circumstances
 26 requirements).

26 ³⁹ *Id.*

27 ⁴⁰ Exhibit D at 3-7 and Exhibit E at 3-7.

27 ⁴¹ *Id.*

28 ⁴² Exhibit D at 6 and Exhibit E at 6.

28 ⁴³ *Id.*

1 five SIB surcharge requests between rate case decisions; may make no more than
 2 one SIB surcharge filing prior to 12 months following this Decision; must make an
 3 annual SIB surcharge filing to true up its surcharge collections; and must file a
 4 new rate case application no later than June 30, 2019, with a test year ending no
 5 later than December 31, 2018, at which time any SIB surcharge then in effect will
 6 be reviewed for inclusion in base rates in that proceeding, and the surcharge will
 7 be reset to zero.⁴⁴

8 f. SIB Rate Design – The SIB surcharge will consist of a fixed monthly charge on
 9 customers' bills, with the surcharge and the efficiency credit listed as separate line
 10 items. The surcharge will increase proportionately based on customer meter size,
 11 in the case of the water SIB, and service lateral size, in the case of the wastewater
 12 SIB.⁴⁵

13 g. Commission Approval of SIB Surcharge – Each SIB surcharge must be approved
 14 by the Commission prior to implementation.⁴⁶

15 h. Public Notice – At least 30 days prior to a SIB surcharge becoming effective,
 16 LPSCO is required to provide public notice to customers in the form of a bill insert
 17 or customer letter. The notice must include the individual surcharge amount by
 18 meter size; the individual efficiency credit by meter size; the individual true-up
 19 surcharge/credit by meter size; and directions where a customer may obtain a
 20 summary of the project(s) included in the current surcharge filing, including a
 21 description of each project and its cost.⁴⁷

22 i. SIB Surcharge Request Filing Requirements – In order to allow the Commission to
 23 conduct a fair value analysis, all SIB surcharge requests must include LPSCO's
 24 most current balance sheet at the time of the filing; its most current income
 25 statement; an earnings test schedule; a rate review schedule (including the
 26

27 ⁴⁴ Exhibit D at 3-6 and Exhibit E at 3-6.

⁴⁵ Exhibit D at 9 and Exhibit E at 9.

⁴⁶ Exhibit D at 9-10 and Exhibit E at 9-10.

28 ⁴⁷ Exhibit D at 10 and Exhibit E at 9-10.

1 incremental pro forma effects of the proposed increase); a revenue requirement
 2 calculation; a surcharge calculation; an adjusted rate base schedule; a construction
 3 work in progress ("CWIP") ledger for each project showing accumulation of
 4 charges by month and paid vendor invoices); Excel schedules with formulae intact
 5 supporting the revenue requirements approved in this Decision and the same Excel
 6 schedules incorporating the effects of SIB-eligible plant for the current SIB
 7 surcharge request and any previously approved surcharge and true-up requests;
 8 and a typical residential bill analysis showing the effect of the SIB surcharge.⁴⁸

9 j. Reconciliation and True-Ups – Any under- or over-collected SIB authorized
 10 revenues will be recovered or refunded, without interest, over a 12-month period
 11 by means of a SIB true-up surcharge or true-up credit.⁴⁹

12 k. Earnings Test – To allow the Commission to ensure that rates are just and
 13 reasonable, LPSCO must perform an earnings test calculation for each initial SIB
 14 filing and SIB annual report filing. The purpose of the earnings test filing is to
 15 determine whether the actual rate of return reflected by operating income for the
 16 relevant 12-month period exceeded the most recently authorized fair value rate of
 17 return. The earnings test must be based on the most recent available operating
 18 income, adjusted for any operating revenue and expense adjustments adopted in
 19 this Decision; on the rate base adopted in this Decision, updated to recognize
 20 changes in plant, accumulated depreciation, contributions in aid of construction
 21 ("CIAC"), advances in aid of construction ("AIAC"), and accumulated deferred
 22 income taxes through the most recent available financial statement (quarterly or
 23 longer).⁵⁰

24 l. Emergency Circumstances - Under the proposed POA, Projects may be not be
 25 added to either Water SIB Plant Table I or Wastewater SIB Plant Table I
 26 subsequent to this Decision, except in the event of emergency circumstances,

27 ⁴⁸ Exhibit D at 4-5 and Exhibit E at 4-5.

28 ⁴⁹ Exhibit D at 6-7 and Exhibit E at 7.

⁵⁰ Exhibit D at 7 and Exhibit E at 7-8.

1 which are specifically defined in Section V of the water and wastewater POAs.

2 Such emergency additions must be approved by the Commission.⁵¹

3 75. As it argued in the case leading up to Decision No. 73938, RUCO argues that the SIBs
4 should not be approved. RUCO claims that the SIBs shift risk from LPSCO to the ratepayer without
5 adequate financial consideration to the ratepayer; that the SIBs are not true adjustor mechanisms
6 because they are used to include plant costs, not fluctuating operating expenses; that the SIBs would
7 result in interim rates, which LPSCO has not requested; that the SIBs will increase LPSCO's FVRB
8 without any meaningful determination of fair value, and therefore the SIBs are single issue
9 ratemaking; that *Scates v. Arizona Corp. Comm'n*, 118 Ariz. 531, P.2d 612 (App. 1978) does not
10 provide for an exception that would allow the SIBs; that LPSCO and Staff did not make a case for the
11 SIBs; and that the SIBs are not in the public interest because they eliminate regulatory lag to the
12 benefit of the utility, at the risk of reducing pressure to operate prudently and efficiently, to the
13 detriment of the ratepayer.

14 76. LPSCO and Staff argue that the proposed SIBs are within the Commission's legal
15 authority, comply with the fair value requirement of the Arizona Constitution, are lawful adjustor
16 mechanisms under Arizona law, and comply with all requirements for adjustor mechanisms under
17 Arizona law.

18 **V. Compliance**

19 77. The Commission's Consumer Services database from January 1, 2010 through August
20 15, 2013 showed a total of seven complaints for the water division and two complaints for the
21 wastewater division, all of which have been resolved and closed.

22 78. The Commission's compliance database indicates that LPSCO is currently in
23 compliance with all Commission requirements.

24 79. The Staff Engineering Report indicates that LPSCO's water and wastewater systems
25 are in compliance with the Arizona Department of Environmental Quality ("ADEQ") monitoring and
26 reporting requirements.

27
28 ⁵¹ Exhibit D at 8-9 and Exhibit E at 8-9.

1 **VI. Conclusions**

2 80. For purposes of this proceeding, we determine that LPSCO has a water division FVRB
3 of \$33,103,506 and a wastewater division FVRB of \$24,190,673.

4 81. A rate of return on FVRB of 8.76 percent, based on an actual capital structure of 84.13
5 percent common equity and 15.87 percent long-term debt, is reasonable and appropriate.

6 82. LPSCO is entitled to a water division gross revenue increase of \$1,423,850 and a
7 wastewater division gross revenue increase of \$342,962.

8 83. The rate design agreed to by the parties and set forth in Exhibit F should be adopted in
9 this proceeding.

10 84. LPSCO should be required to file, along with its revised rates and schedules, a new
11 low income tariff modified to reflect an increased discount from 15 percent to 30 percent for eligible
12 customers, as agreed to by the parties, and should be required to continue to implement the low
13 income tariff as required by Decision No. 72026.

14 85. Under the water rates adopted herein, a 3/4-inch meter residential customer with
15 average water consumption (8,827 gallons per month) will experience a 10.45 percent increase in
16 rates, from \$24.33 to \$26.87. A typical bill analysis for other meter sizes appears in Exhibit A, Water
17 Division Schedule H-2.

18 86. Under the wastewater rates adopted herein, a residential customer will experience a
19 3.488 percent increase in rates, from \$38.99 to \$40.35. A typical bill analysis for other customer
20 classes appears in Exhibit A, Wastewater Division Schedule H-2.

21 87. LPSCO should use, on a going forward basis, the depreciation and amortization rates
22 shown on water division and wastewater division Schedules C-2, page 2 of the Summary Schedules
23 attached as Exhibit 1 to Exhibit A.

24 88. As LPSCO agreed, it should be required to file for its water division a new off-site
25 facilities hook-up fee tariff in conformance with Figure 7 of the Staff Engineering Report on the
26 water division, attached to the Direct Testimony of Staff witness Dorothy Hains, Hearing Exh. S-2.

27 89. LPSCO's request for a PPAM for its water and wastewater divisions should be
28 approved, subject to the filing, within 90 days of this Decision, for Commission approval, a Plan of

1 Administration for the PPAM that comports with Staff's recommendations.

2 90. LPSCO's service area is located in the Phoenix Active Management Area ("AMA").
3 As LPSCO agreed, it should be required to submit for Commission approval five additional BMP
4 tariffs shown in Figure 8 of the Staff Engineering Report, attached to Hearing Exh. S-2, Direct
5 Testimony of Staff witness Dorothy Hains, in addition to its current BMP tariffs. LPSCO may
6 request cost recovery of actual costs associated with the additional implemented BMPs in its next rate
7 case.

8 91. As LPSCO agreed, it should be required to file within 90 days, as recommended by
9 Staff, a report detailing the amount of its excess deferred income tax resulting from the changes in
10 State income tax due to House Bill 2001, along with a plan on how it will refund any excess State
11 income tax recoveries to ratepayers.

12 92. LPSCO agreed to Staff's recommendation in regard to reporting on usage for its water
13 division. LPSCO should be directed to annually file in this docket, commencing on or before
14 February 1, 2015, until the filing of LPSCO's next rate case, a report that details the monthly usage of
15 each meter size and customer class for the prior January-December calendar year. We will require
16 Staff to analyze the data, and if Staff believes that Commission action should be taken, Staff should
17 provide a recommendation to the Commission.

18 93. We agree with our Staff's expert analysis that the infrastructure replacement plans set
19 forth in Exhibits B and C and are reasonable, and the costs are appropriate. The infrastructure
20 replacement plans provide a reasonable and appropriate means for LPSCO to meet the challenge of
21 replacing aging infrastructure in the LPSCO water and wastewater systems, while addressing
22 important issues of regulatory lag and rate gradualism. As the POAs specify, plant additions under
23 the SIBs are limited to those set forth in Exhibits B and C, and plant items for which SIB recovery
24 may be authorized pursuant to the POAs in future Commission proceedings will be subject to review
25 and refund in LPSCO's next rate case. We make no "used and useful" determination of the proposed
26 plant items, and no such conclusions should be inferred for rate making or rate base purposes in the
27 future.

28 94. The SIB surcharge mechanisms LPSCO proposes will provide a means for the

1 Commission to update LPSCO's FVRB and implement a series of step increases, thereby allowing
2 LPSCO to undertake its substantial infrastructure replacement program which will benefit its
3 customers without the need for a repeated series of rate cases, which can be costly for ratepayers.
4 The SIB surcharge mechanisms include safeguards to ensure that rates will continue to be just and
5 reasonable. Each annual SIB surcharge requires our approval and a fair value analysis and
6 determination, based on LPSCO's provision of updated financial information, prior to taking effect.
7 The information that LPSCO must include in SIB filings pursuant to the POAs will allow for a
8 consideration of all of LPSCO's costs at the time a surcharge adjustment is made. Moreover, the SIB
9 surcharge mechanisms do not guarantee surcharge increases, as each requested surcharge increase
10 will only be authorized if we determine that LPSCO is not earning more than its authorized rate of
11 return. In addition, the amount to be collected by the SIB surcharges will be capped at five percent of
12 the revenue requirement authorized in this Decision, and the infrastructure replacements will be
13 subject to annual true-ups, and to refund following a usefulness and prudence review in LPSCO's
14 next rate case. Importantly, the SIB includes the tangible customer benefit of an efficiency credit
15 equal to five percent of any approved SIB revenue requirement.

16 95. We have comprehensively addressed, in our Opinion and Order set forth in Decision
17 No. 73938, the arguments RUCO again raises in this case in opposition to LPSCO's proposed SIB
18 surcharge mechanisms. In Decision No. 73938, we found the SIB mechanism approved therein, upon
19 which LPSCO's proposed SIB mechanisms are based, to be compliant with the Commission's
20 constitutional requirements, as well as with the case law interpreting the Commission's authority and
21 discretion in setting rates.⁵² We find LPSCO's proposed SIB mechanisms in this case, which are
22 virtually identical to those approved in Decision No. 73938, to also be compliant with the
23 Commission's constitutional requirements and duties, and with the case law interpreting those
24 requirements and duties. The legal analysis set forth in Decision No. 73938 is incorporated in our
25 Decision today. For the reasons stated hereinabove, and with those stated in Decision No. 73938, we
26 find that implementation of LPSCO's proposed SIB surcharge mechanisms, pursuant to the proposed
27

28 ⁵² Decision No. 73938 at 42-54.

1 POAs in Exhibits D and E, and limited to the infrastructure replacement plans set forth in Exhibits B
2 and C, is in the public interest, and will therefore approve them.

3 96. LPSCO should be required to file, at the time it files its revised rates and schedules,
4 water and wastewater SIB POAs that conform to the proposed POAs in Exhibits D and E.

5 97. LPSCO should be authorized to request, pursuant to the requirements and conditions
6 set forth in the POAs in Exhibits D and E, SIB surcharge mechanism treatment for the specific
7 projects listed in Exhibits B and C.

8 **CONCLUSIONS OF LAW**

9 1. LPSCO is a public service corporation within the meaning of Article XV of the
10 Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

11 2. The Commission has jurisdiction over LPSCO and the subject matter of this
12 proceeding.

13 3. The rates, charges and conditions of service established herein are just and reasonable
14 and in the public interest.

15 4. Notice of the application was given in accordance with law.

16 **ORDER**

17 IT IS THEREFORE ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
18 is hereby authorized and directed to file with the Commission, on or before April 30, 2014, revised
19 schedules of rates and charges consistent with Exhibit F attached hereto.

20 IT IS FURTHER ORDERED that the revised schedules of rates and charges shall be effective
21 for all service rendered on and after May 1, 2014.

22 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
23 shall provide notice to its customers of the revised rates and charges, in a form acceptable to the
24 Commission's Utilities Division Staff, in its next regularly scheduled billing.

25 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
26 shall file, along with its revised rates and schedules, a new low income tariff modified to reflect an
27 increased discount for eligible customers, from 15 percent to 30 percent.

28 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.

1 shall notify its customers of the increased discount for customers eligible for its low income tariff in
2 the customer notice ordered above, and shall continue to notify all new customers of the availability
3 of the low income tariff at the time service is requested.

4 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
5 shall annually file with the Commission, at the time it files its annual utility report with the
6 Commission, as a compliance item in this docket, a low income tariff report showing the number of
7 participants for the preceding year, discounts given, administrative and carrying costs, and collections
8 made through the commodity surcharge.

9 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
10 shall, at the time it files revised schedules of rates and charges, file a new water division off-site
11 facilities hook-up fee tariff in conformance with Figure 7 of the Staff Water Engineering Report,
12 attached to the Direct Testimony of Staff witness Dorothy Hains, Hearing Exh. S-2.

13 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp. is
14 hereby authorized and directed to file within 45 days, with the Commission's Docket Control Center,
15 as a compliance item in this matter, for Commission approval, five additional BMP tariffs in
16 conformance with Figure 8 of the Staff Engineering Report, attached to the Direct Testimony of Staff
17 witness Dorothy Hains, Hearing Exh. S-2, and to request cost recovery of actual costs associated with
18 the implemented BMPs in its next rate case.

19 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
20 shall use, on a going forward basis, the depreciation and amortization rates shown on water division
21 and wastewater division Schedules C-2, page 2 of the Summary Schedules attached as Exhibit 1 to
22 Exhibit A.

23 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.'s
24 request for approval of a Purchased Power Adjustor Mechanism is hereby approved, subject to its
25 filing, within 90 days of this Decision, for Commission approval, a Plan of Administration for the
26 Purchased Power Adjustor Mechanism that comports with Staff's recommendations.

27 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
28 shall file within 90 days, as recommended by Staff, a report detailing the amount of its excess

1 deferred income tax resulting from the changes in State income tax due to House Bill 2001, along
2 with a plan on how it will refund any excess State income tax recoveries to ratepayers.

3 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
4 shall annually file in this docket, commencing on or before February 1, 2015, and until the filing of
5 its next rate case, a report that details the monthly usage of each meter size and customer class for the
6 prior January-December calendar year. Staff shall analyze the data, and if Staff believes that
7 Commission action should be taken, shall provide a recommendation to the Commission.

8 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp. is
9 hereby authorized to implement a Water System Improvement Benefit surcharge mechanism and a
10 Wastewater System Improvement Benefit surcharge mechanism pursuant to the requirements and
11 conditions set forth in the Plans of Administration appearing in Exhibits D and E.

12 IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp.
13 shall file, at the time it files its revised rates and schedules, Plans of Administration for the System
14 Improvement Benefit and Collection System Improvement Benefit surcharge mechanisms authorized
15 herein which conform to Exhibits D and E.

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IT IS FURTHER ORDERED that Liberty Utilities (Litchfield Park Water & Sewer) Corp. is hereby authorized to request, pursuant to the requirements and conditions set forth in the Plans of Administration appearing in Exhibits D and E, System Improvement Benefit mechanism treatment only for the specific projects listed in Exhibits B and C.

IT IS FURTHER ORDERED that the timeclock in this matter is hereby extended to April 9, 2014, pursuant to A.A.C. R14-2-103(b)(11)(ii).

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

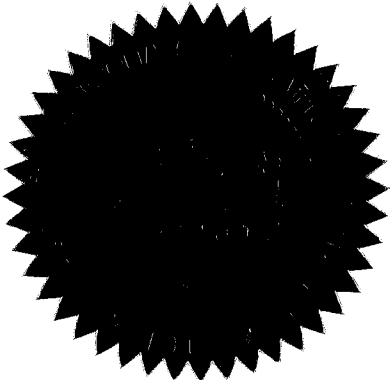
CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI A. JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 18th day of April 2014.

JODI A. JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
TJ:tv

1 SERVICE LIST FOR:

LIBERTY UTILITIES (LITCHFIELD PARK WATER
& SEWER) CORP.

2 DOCKET NOS.:

SW-01428A-13-0042 and W-01427A-13-0043

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27
28

EXHIBIT A

PROPOSED SETTLEMENT AGREEMENT
Docket Nos. W-01427A-13-0043 et al.
December 11, 2013

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

Docket Nos. W-01427A-13-0043 & SW-01428A-13-0042 (Consolidated)

DECEMBER 11, 2013

**PROPOSED SETTLEMENT AGREEMENT
BETWEEN LPSCO AND RUCO IN THE LPSCO RATE CASE
DOCKET NOS. W-01427A-13-0043 & SW-01428A-13-0042**

The purpose of this Settlement Agreement ("Agreement") is to settle disputed issues related to Docket Nos. W-01427A-13-0043 and SW-01428A-13-0042 (the "Rate Case"). This Agreement is entered into by Liberty Utilities (Litchfield Park Water & Sewer) Corp. f/n/a Litchfield Park Service Co. ("LPSCO" or "Company") and the Residential Utility Consumer Office ("RUCO"). LPSCO and RUCO will be referred to collectively as "Signatories;" a single entity will be referred to individually as a "Signatory."

I. RECITALS.

- 1.1 On February 28, 2013, LPSCO filed separate rate applications for its water and its wastewater divisions. The Utilities Division Staff ("Staff") filed a letter of sufficiency on March 28, 2013. Thereafter, an April 12, 2013 Procedural Order consolidated the two dockets and established a procedural schedule. Notice to customers was sent by mail in June and July 2013, and notice was published on June 11, 2013. Intervention was granted to RUCO on April 24, 2013 and to Ms. Olivia Burnes on September 19, 2013.
- 1.2 On numerous occasions throughout the pendency of this Rate Case, representatives from LPSCO have worked and met with representatives from RUCO, and with representatives from Staff, in an effort to provide additional information and answer questions. As a result of these efforts, discovery, and pre-filing of testimony, the three parties have accepted a number of each other's adjustments, the result of which is that a number of issues that were in dispute have been resolved.
- 1.3 On December 2, 2013, counsel for RUCO contacted counsel for LPSCO and Staff to raise the possibility of resolving one or more issues that remained in dispute as of the filing of LPSCO's rejoinder testimony. From that date through the date of

this Agreement, representatives from the three parties discussed the issues that remained in dispute in an effort to resolve those issues. As a result of those efforts, the three parties have eliminated most of the issues in dispute. The sole remaining issue is the Company's request for approval of System Improvement Benefit ("SIB") and Collection System Improvement Benefit ("CSIB") surcharges.

- 1.4 As a result of the resolution of the issues in dispute in this case, except the SIB/CSIB, the parties are now in material agreement on (1) the Company's fair value rate base; (2) the level of operating expenses; (3) the rate of return; (4) the revenue requirement; and (5) the rate design, as reflected in the **Summary Schedules** attached hereto as **Exhibit 1**. Moreover, RUCO agrees not to oppose the Company's proposed Purchase Power Adjustment Mechanism ("PPAM") as modified by Staff.
- 1.5 By reaching material agreement on the Company's fair value rate base, operating expenses, rate of return, revenue requirement and rate design, as reflected in the **Summary Schedules** attached hereto as **Exhibit 1**, the parties have eliminated multiple issues from dispute. These issues, which were still either in dispute or needing clarification at the time of the Company's rejoinder filing, include return on equity, rate design, Corporate Cost allocations, Achievement Pay, RUCO's use of a 13 month average for Customer Meter Deposits, the Declining Usage Adjustment, and the final amount of Post Test Year Plant to be included in rate base. As such, the only remaining issue in dispute is the Company's request for approval of a SIB and CSIB, which issue does not impact the revenue requirement.
- 1.6 In order to effectuate the Commission's determination of LPSCO's fair value rate base and the setting of just and reasonable rates thereon, LPSCO and RUCO enter into this Agreement and jointly represent to the Commission that the terms and conditions of this Agreement are just, reasonable, fair, and in the public interest in that these terms and conditions establish just and reasonable rates for water and wastewater utility service by LPSCO under the facts and circumstances presented in this Rate Case, promote the convenience, comfort and safety, and the preservation of health, of the employees and patrons of LPSCO; and avoid further litigation in the determination of fair value rate base and setting of rates.
- 1.7 The Signatories agree to ask the Commission: (1) to find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with any and all other necessary findings, and (2) to approve the Agreement such that it and the rates contained herein may become effective on or before May 1, 2014.
- 1.8 Staff's representatives participated in the preparation of the **Summary Schedules** and the Signatories believe Staff supports the material terms of this Agreement and will stipulate accordingly following the submission of this Agreement to the Commission.

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Signatories, intending to be legally bound, hereby agree to the following terms and conditions.

II. REVENUE REQUIREMENT AND RATE INCREASE PROVISIONS.

2.1 Rate Increase.

- 2.1.1 The revenue requirements and rate increases for both of the Company's water and sewer divisions are shown on Schedule A-1 of the Summary Schedules attached hereto as Exhibit 1.

2.2 Fair Value Rate Base.

- 2.2.1 The fair value rate base used to establish the revenue requirement and rates agreed to herein is shown on Schedule B-1 the Summary Schedules attached hereto as Exhibit 1. LPSCO agrees to the use of original cost rate base as its fair value rate base for purposes of setting rates in this case.
- 2.2.2 The rate base set forth on Schedule B-1 the Summary Schedules attached hereto as Exhibit 1 includes Post Test Year Plant as recommended by LPSCO and RUCO, which project includes a roughly \$1.1M revenue neutral wastewater system improvement that is used and useful serving existing customers.
- 2.3 The rates agreed to herein are based on a test year ending December 31, 2012, with adjustments for known and measurable changes.
- 2.4 The operating expense levels agreed to herein are based upon the expense levels recommended by RUCO and the Company.

III. BILL IMPACT AND RATE DESIGN.

- 3.1 For the water division, the rate design includes inverted tiers intended to promote water conservation.
- 3.2 The Company's low income tariff has been modified to reflect an increased discount from 15% to 30% for eligible customers. The revised tariff will be filed as part of the final approved tariffs after a Commission Decision is approved.
- 3.3 Upon the effective date of the new rates, the monthly bill for a ¾" residential water customer using 8,827 gallons per month is \$26.87 as shown on Schedule H-2, Page 1 of the Summary Schedules attached hereto as Exhibit 1.

- 3.4 Upon the effective date of the new rates, the monthly bill for a residential wastewater customer with median usage is \$40.35 as shown on Schedule H-2, Page 1 of the Summary Schedules attached hereto as Exhibit 1.

IV. COST OF CAPITAL.

- 4.1 Staff, RUCO and the Company jointly recommended that a capital structure comprised of 15.87% long term debt and 84.13% common equity be adopted.
- 4.2 RUCO's recommended return on common equity of 9.2% will be adopted.
- 4.3 A cost of debt of 6.4 % will be adopted.
- 4.4 A fair value rate of return of 8.76% will be adopted.

V. DEPRECIATION/AMORTIZATION.

- 5.1 The depreciation and amortization rates proposed by Staff and contained in the Direct Testimony of Staff witness Dorothy Hains will be adopted until further order of the Commission. The recommended depreciation rates are shown on Schedule C-2, Page 2 the Summary Schedules attached hereto as Exhibit 1.

VI. SIB/CSIB

- 6.1 In its initial application, the Company sought approval of a Distribution System Improvement Charge ("DSIC") or DSIC-like mechanism for both its water and wastewater divisions. The Company sought approval of a DSIC-like mechanism to provide for recovery of the capital costs (return on investment, income taxes and depreciation expense) associated with distribution system improvement projects that have been verified to be completed and placed in service where costs have not been included in rate base for recovery in the decision in the LPSCO Rate Case.
- 6.2 The Company is requesting approval of a SIB and CSIB for its water and wastewater divisions, respectively, because it believes that approval will serve the public interest by allowing LPSCO to make significant plant investments in its water and wastewater systems to maintain and/or improve service to existing customers in a way that will lessen the impact of necessary rate increases by allowing smaller, more incremental rate increases to cover the costs of these necessary plant investments. The Company believes that the costs of these water and wastewater projects, the benefits of rate gradualism for both water and wastewater customers, and the other factors set forth in the record justifies implementation of a SIB and CSIB for LPSCO's water and wastewater divisions.
- 6.3 In support of its request, the Company furnished Staff and RUCO approximately 600 pages of engineering and financial documentation in support of its request.

Thereafter, the Company worked with Staff Engineering to develop schedules in the form under development by Staff.

- 6.4 In its rebuttal filing dated October 23, 2013, the Company formally modified its request to request a SIB and CSIB in the form approved by the Commission in Decision No. 73938 (June 27, 2013) for Arizona Water Company's Eastern Group. The Signatories are both parties to the Arizona Water Company Eastern Group rate case, Docket No. W-01445A-11-0310 ("AWC SIB Docket"), which docket is now the subject of rehearing. RUCO sought rehearing of Decision No. 73938 and the Commission granted rehearing and also voted to reconsider Decision No. 73736 pursuant to ARS § 40-252. RUCO has also filed a notice of appeal of Decision No. 74081.
- 6.5 Staff has reviewed the Company's five-year infrastructure replacement plan for water at a cost of \$9,160,400 and wastewater at a cost of \$10,337,600 and found both to be reasonable and appropriate.
- 6.6 RUCO does not support the approval of a SIB or CSIB. RUCO does not agree that the SIB/CSIB are in the public interest. RUCO believes that the SIB/CSIB are bad public policy, are illegal and mechanically flawed. Further, RUCO believes that neither Staff nor the Company have made their case to support the approval of the SIB/CSIB in this case.
- 6.7 In order to promote efficiency in making a record upon which the Commission can first consider the Company's request for approval of a SIB/CSIB, and RUCO's opposition thereto, and thereafter, if such relief is granted, to allow RUCO to challenge an order approving a SIB and/or CSIB along with its other SIB appeals, the Signatories agree that, in addition to the prefiled testimony of the witnesses in this LPSCO Rate Case the following shall be marked into evidence without objection as Exhibits in this LPSCO Rate Case.
- 6.7.1 AWC SIB Docket (Phase Two) Sorensen Direct Testimony (filed April 2, 2013)
- 6.7.2 The SIB water and wastewater engineering report (emailed to all parties on October 1, 2013)
- 6.7.3 LPSCO's proposed SIB Plan of Administration
- 6.7.4 AWC SIB Docket (Phase Two) Settlement Agreement (filed April 1, 2013)
- 6.7.5 AWC SIB Docket (Phase Two) Rigsby Direct Testimony (without exhibits) (filed April 2, 2013)
- 6.7.6 AWC SIB Docket (Phase Two) Quinn Direct Testimony (April 2, 2013)

6.7.7 AWC SIB Docket (Phase Two) Comments of Attorney General – State of Alaska

The Signatories acknowledge that at the time of the filing of this Agreement this list may not be exhaustive and that any Signatory can offer additional exhibits at hearing as deemed necessary, however, objections to admission are only waived as to the documents identified above.

VII. COMMISSION EVALUATION OF PROPOSED SETTLEMENT.

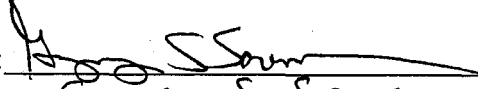
- 7.1 The Signatories agree to the admission into evidence of the pre-filed testimony of each other's witnesses in this Rate Case. All testimony shall be individually marked but may be offered in whole during the hearings on this Rate Case.
- 7.2 This Agreement will serve as a procedural device by which the Signatories will submit their proposed fair value rate base, operating expenses, rate of return; revenue requirement and rate design, as reflected in the Summary Schedules attached hereto as Exhibit 1, to the Commission.
- 7.3 The Signatories acknowledge and agree that determination of the Company's fair value rate base and establishment of just and reasonable rates thereon, requires Commission approval, and that the Commission will independently consider and evaluate the terms of this Agreement. With respect to approval of this Agreement, the Signatories agree as follows:
 - 7.3.1. The Signatories shall submit this Agreement to the Commission immediately following execution, followed by supporting testimony from each of the Signatories, if required by the Administrative Law Judge.
 - 7.3.2. To support and defend the Agreement by filing testimony as required by the Administrative Law Judge, appearing at any and all hearings, open meetings or other proceedings in the Docket related to the Agreement, and taking any and all other steps reasonably necessary to obtain Commission adoption of the material terms of the Agreement, including, but not limited to, eliciting support from its constituents.
 - 7.3.3. Except for the issues remaining in dispute noted above, to waive all rights to appeal a Commission decision providing the Commission adopts the material terms of this Agreement. The Signatories agree that a final, non-appealable Commission order adopting the material terms of this Agreement shall constitute Commission approval of the Agreement for purposes of this Agreement.
- 7.4 If the Commission fails to issue an order adopting all material terms of this Agreement, one or both of the Signatories may withdraw from this Agreement, and such Signatory or Signatories may pursue without prejudice their respective remedies at law. For purposes of this Agreement, whether a term is material will

be left to the reasonable discretion of the Signatory choosing to withdraw from the Agreement. If a Signatory withdraws from the Agreement pursuant to this paragraph and files an application for rehearing, the other Signatory will support the application for rehearing by filing a document with the Commission that supports approval of the Agreement in its entirety.

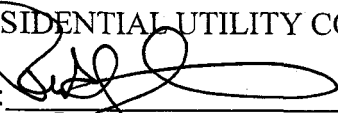
VIII. MISCELLANEOUS PROVISIONS.

- 8.1 The Signatories hereby agree to the incorporation of the Recitals set forth above as part of the terms and conditions of this Agreement.
- 8.2 The provisions set forth herein regarding the quantification of cost of capital, fair value rate base, fair value rate of return, operating expenses and the revenue requirement are made for purposes of settlement only and should not be construed as admissions against interest or waivers of litigation positions related to other or future cases, nor should the acceptance by any Signatory of a specific element of this Agreement be considered as precedent for acceptance of that element in any other context.
- 8.3 No Signatory is bound by any position asserted in negotiations, except as expressly stated in this Agreement. No Signatory will offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, any other regulatory agency, or any court.
- 8.4 Neither this Agreement nor any of the positions taken in this Agreement by any of the Signatories may be referred to, cited, and/or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except to secure approval of this Agreement and enforce its terms.
- 8.5 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule, or regulation, this Agreement will control.
- 8.6 The Signatories will make reasonable and good faith efforts necessary to obtain a Commission order approving the material terms of this Agreement. The Signatories will support and defend this Agreement before the Commission. Subject to the provisions above, if the Commission adopts an order approving all material terms of the Agreement, the Signatories will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 8.7 This Agreement may be executed in any number of counterparts and by each Signatory on separate counterparts, each of which when so executed and delivered will be deemed an original and all of which taken together will constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

LITCHFIELD PARK SERVICE COMPANY

By: 
Name: Gregory S. Sorensen
Its: President AZ/TX
12/13/13

RESIDENTIAL UTILITY CONSUMER OFFICE

By: 
Name: Patrick J. Quinn
Its: DIRECTOR

8725015.5/035227.0022

EXHIBIT 1

WATER DIVISION SCHEDULES

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Proposed Final Schedule A-1
 Page 1
 Witness: Bourassa

Line No.					
1	Fair Value Rate Base		\$	33,103,506	
2					
3	Adjusted Operating Income			2,035,146	
4					
5	Current Rate of Return			6.15%	
6					
7	Required Operating Income		\$	2,898,428	
8					
9	Required Rate of Return on Fair Value Rate Base			8.76%	
10					
11	Operating Income Deficiency		\$	863,282	
12					
13	Gross Revenue Conversion Factor			1.6466	
14					
15	Increase in Gross Revenue Requirement		\$	1,421,511	
16					
17					
18	Adjusted Test Year Revenues		\$	11,201,268	
19	Increase in Gross Revenue Requirement		\$	1,421,511	
20	Proposed Revenue Requirement		\$	12,622,779	
21	% Increase			12.69%	
22					
23	Customer	Present	Proposed	Dollar	Percent
24	Classification	Rates	Rates	Increase	Increase
25	5/8x3/4 Inch Residential	\$ 11,824	\$ 13,587	\$ 1,763	14.91%
26	3/4 Inch Residential	3,047,017	3,303,996	256,979	8.43%
27	3/4 Inch Residential - Low Income	7,293	7,439	145	1.99%
28	1 Inch Residential	3,360,696	3,828,957	468,261	13.93%
29	1 Inch Residential - Low Income	8,528	10,497	1,968	23.08%
30	1.5 Inch Residential	44,871	51,734	6,863	15.30%
31	2 Inch Residential	4,981	5,815	835	16.76%
32	4 Inch Residential	-	-	-	0.00%
33	5/8x3/4 Inch Commercial	245	318	73	30.00%
34	3/4 Inch Commercial	8,987	10,544	1,557	17.32%
35	1 Inch Commercial	28,013	33,136	5,123	18.29%
36	1.5 Inch Commercial	118,831	137,507	18,676	15.72%
37	2 Inch Commercial	684,406	801,050	116,644	17.04%
38	4 Inch Commercial	242,692	277,275	34,582	14.25%
39	8 Inch Commercial	10,786	13,432	2,646	24.53%
40	10 Inch Commercial	36,262	41,490	5,229	14.42%
41	5/8x3/4 Inch Irrigation	906	1,056	150	16.61%
42	3/4 Inch Irrigation	58,536	67,423	8,887	15.18%
43	1 Inch Irrigation	292,670	337,957	45,287	15.47%
44	1.5 Inch Irrigation	342,197	392,060	49,863	14.57%
45	2 Inch Irrigation	1,777,002	2,033,354	256,352	14.43%
46	4 Inch Irrigation	140,026	161,002	20,976	14.98%
47	1 Inch MF	1,558	2,135	577	37.03%
48	1.5 Inch MF	47,101	54,451	7,350	15.61%
49	2 Inch MF	320,997	373,425	52,428	16.33%
50	4 Inch MF	47,487	54,683	7,195	15.15%
51	5/8x3/4 Inch Fire	28,594	37,120	8,526	29.82%
52	3/4 Inch Fire	2,879	3,736	857	29.78%
53	1 Inch Fire	275	358	83	30.00%
54	Hydrant	68,030	77,594	9,565	14.06%
55	Sweeper	700	798	98	14.06%
56	8 Inch Goodyear	128,952	142,421	13,469	10.44%
57	4 Inch VUI	3,060	3,978	918	30.00%
58	Declining Usage Adjustment	(58,703)	(58,703)	-	0.00%
59	Revenue Annualization	147,042	166,016	18,974	12.90%
60	Subtotal	\$ 10,964,740	\$ 12,387,640	\$ 1,422,901	12.98%
61					
62	Other Water Revenues	235,723	235,723	(0)	0.00%
63	Reconciling Amount	805	(584)	(1,389)	-172.55%
64	Rounding			-	0.00%
65	Total of Water Revenues	\$ 11,201,268	\$ 12,622,779	\$ 1,421,511	12.69%
66					
67					
68	SUPPORTING SCHEDULES:				
69	B-1				
70	C-1				
71	C-3				
72	H-1				

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Summary of Rate Base

Exhibit
Proposed Final Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 90,867,014	\$ 90,867,014
3	Less: Accumulated Depreciation	18,927,597	18,927,597
4			
5	Net Utility Plant in Service	\$ 71,939,416	\$ 71,939,416
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	30,374,274	30,374,274
9			
10	Contributions in Aid of Construction	7,425,812	7,425,812
11			
12	Accumulated Amortization of CIAC	(1,285,854)	(1,285,854)
13			
14	Customer Meter Deposits	1,432,787	1,432,787
15	Customer Security Deposits	147,661	147,661
16	Accumulated Deferred Income Tax	832,300	832,300
17			
18			
19	<u>Plus:</u>		
20			
21	Deferred Regulatory Assets TCE Plume	91,069	91,069
22	Deferred Tax Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	\$ 33,103,506	\$ 33,103,506
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Proposed Final Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustment	Rejoinder Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 91,151,411	(284,397)	\$ 90,867,014
3				
4	Less:			
5	Accumulated			
6	Depreciation	16,514,086	2,413,511	18,927,597
7				
8				
9	Net Utility Plant			
10	in Service	\$ 74,637,324		\$ 71,939,416
11				
12	Less:			
13	Advances in Aid of			
14	Construction	30,374,274	-	30,374,274
15				
16	Contributions in Aid of			
17	Construction - Gross	7,324,578	101,234	7,425,812
18				
19	Accumulated Amortization of CIAC	(1,489,772)	203,918	(1,285,854)
20				
21	Customer Meter Deposits	1,271,802	160,985	1,432,787
22	Customer Security Deposits	140,147	7,514	147,661
23	Accumulated Deferred Income Tax	1,459,075	(626,775)	832,300
24				-
25				-
26				
27	Plus:			
28				
29	Deferred Regulatory Assets TCE Plume	90,381	688	91,069
30	Prepayments	-		-
31	Materials and Supplies	-		-
32	Working capital	-	-	-
33				-
34				
35	Total	<u>\$ 35,647,602</u>		<u>\$ 33,103,506</u>

SUPPORTING SCHEDULES:

B-2, pages 2

E-1

RECAP SCHEDULES:

B-1

Exhibit
Proposed Final Schedule B-2
Page 2
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Line No.	Adjusted at End of Test Year	Proforma Adjustments					Rejoinder Adjusted at end of Test Year
		1	2	3	4	5	
		Plant-In-Service	Accumulated Depreciation	C/IAC	ADII	Customer Security Deposits	Customer Meter Deposits
1	\$ 91,151,411	(284,397)					
2							
3							
4							
5			2,413,511				
6	16,514,086						
7							
8							
9							
10							
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RECAP SCHEDULES:
B-1

SUPPORTING SCHEDULES:
B-2, pages 3-9
E-1

Exhibit
Proposed Final Schedule B-2
Page 3
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Performance Adjustments
Adjustment Number 1

Plant-in-Service													
Line No.	Acct. No.	Description	Adjusted Original Cost	A True-up of Accruals	B Plant Reclassification	C Plant Not Used and Useful	Adjustments			E Retirement Transportation Equipment	F Retirements and Reclassification	G Adjustments to Reconcile Plant to Reconstruction	Rejoinder Adjusted Original Cost
							D Duplicate Invoices	Duplicate Invoices	Duplicate Invoices				
1	301	Organization Cost	21,100										21,100
2	302	Franchise Cost	1,456,278										1,456,278
3	303	Land and Land Rights	28,000,916	(178,617)	(2,776,772)	(6,000)	(3,000)						25,036,371
4	304	Structures and Improvements											
5	305	Collecting and Impounding Res.											
6	306	Lake River and Other Intakes	3,097,345	(18,108)	134,878						(0)		3,214,114
7	307	Wells and Springs											
8	308	Infiltration Galleries and Tunnels											
9	309	Supply Mains											
10	310	Power Generation Equipment	207,020		18,111								225,130
11	311	Electric Pumping Equipment	897,792		(23,502)								874,290
12	312	Water Treatment Plant			1,728,635								
13	313	Chemical Solution Feeders	1,696,759										3,425,394
14	314	Dist. Reservoirs & Standpipe	492,176										492,176
15	315	Storage tanks			901,841								901,841
16	316	Pressure Tanks											
17	317	Trans. and Dist. Mains	40,259,045						(2,859)		0		40,256,187
18	318	Services	5,350,963										5,350,963
19	319	Meters	4,759,560					(2,608)			0		4,759,560
20	320	Hydrants	3,304,755										3,302,148
21	321	Backflow Prevention Devices	38,387										38,387
22	322	Other Plant and Misc. Equip.	259,531		6,555								259,531
23	323	Office Furniture and Fixtures	651,098		7,995								657,653
24	324	Computers and Software	307,592						(17,555)	(55,341)	1		7,995
25	325	Transportation Equipment	37,143										234,697
26	326	Stores Equipment	47,434										37,143
27	327	Tools and Work Equipment	5,803										47,434
28	328	Laboratory Equipment											5,803
29	329	Power Operated Equipment	128,402							18,003	(0)		18,003
30	330	Communications Equipment											128,402
31	331	Miscellaneous Equipment	132,312		(9,897)								122,414
32	332	Other Tangible Plant											
33	333	Rounding											
34	334	TOTALS	\$ 91,151,411	\$ (196,725)	\$ (12,156)	\$ (12,156)	\$ (5,608)	\$ (17,555)	\$ (40,196)	\$ (1)	\$ 90,867,014		
35	335	Adjusted Plant-in-Service											\$ 91,151,411
36	336	Increase (decrease) in Plant-in-Service											\$ (284,397)
37	337	Adjustment to Plant-in-Service											\$ (284,397)
38	338	SUPPORTING SCHEDULES											
39	339	B-2, pages 3.1 to 3.7											

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - A

Exhibit
 Proposed Final Schedule B-2
 Page 3.1
 Witness: Bourassa

Line

No.1 True-Up of Accruals

2

3

4

Acct.

5

No. Description

6

304 Structures and Improvements

Adjustment

7

307 Wells and Springs

(178,617)

8

(18,108)

9

10

11

12

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14

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16

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37

38

39

40

TOTALS

\$ (196,725)

41

42

SUPPORTING SCHEDULE

43

Staff Adjustment #3

44

45

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - B

Exhibit
 Proposed Final Schedule B-2
 Page 3.2
 Witness: Bourassa

Line

No.

Reclassification of Plant

1		
2		
3		
4	Acct.	
5	<u>No.</u>	<u>Description</u>
6	304	Structures and Improvements
7	307	Wells and Springs
8	310	Power Generation Equipment
9	311	Electric Pumping Equipment
10	320.1	Water Treatment Plant
11	330.1	Storage tanks
12	340	Office Furniture and Fixtures
13	340.1	Computers and Software
14	348	Other Tangible Plant
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39		
40	TOTALS	\$ (12,156)
41		
42	<u>SUPPORTING SCHEDULE</u>	
43	Staff Adjustment #5	
44	Staff Table 8 - Reclassification	
45		

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - C

Exhibit
 Proposed Final Schedule B-2
 Page 3.3
 Witness: Bourassa

Line
 No.

1 Plant Not Used and Useful

2

3

4

Acct.

5

No. Description

Adjustment

6

303 Land and Land Rights

(6,000)

7

304 Structures and Improvements

(6,156)

8

9

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14

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39

TOTALS

\$ (12,156)

41

SUPPORTING SCHEDULE

43

Staff Adjustment #6

44

Staff Table 6 - Not Used and Useful Plant Items

45

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Proposed Final Schedule B-2
 Page 3.4
 Witness: Bourassa

Line
 No.
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Plant Not Used and Useful

Acct.

No. Description

304 Structures and Improvements

335 Hydrants

Adjustment

(3,000)

(2,608)

TOTALS

\$ (5,608)

SUPPORTING SCHEDULE

Staff Adjustment #7

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - E

Exhibit
 Proposed Final Schedule B-2
 Page 3.5
 Witness: Bourassa

Line

No.1 Retirement of Transportation Equipment

2

3

4

Acct.

5

No. Description

6

341 Transportation Equipment

Adjustment

(17,555)

7

8

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39

40

TOTALS

\$ (17,555)

41

42

SUPPORTING SCHEDULE

43

Staff Adjustment #7

44

45

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - F

Exhibit
 Proposed Final Schedule B-2
 Page 3.6
 Witness: Bourassa

Line

No.

1 Retirements

2

3

4 Acct.

Year

5 No. DescriptionReflected on B-2 Plant¹Adjustment

6 341 Transportation Equipment

2008

\$ (40,196)

7

8

\$ (40,196)

9

10 Reclassifications

11

12 Acct.

Year

13 No. DescriptionYearReflected on B-2 Plant¹Adjustment

14 341 Transportation Equipment

see below

\$ (15,144)

15 331 Trans. and Dist. Mains

2012

2012

3,985

16 345 Power Operated Equipment

2008

2008

18,003

17 331 Trans. and Dist. Mains

2006

2008

(6,844)

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\$ -

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40 Total Adjustment

\$ (40,196)

41

42 SUPPORTING SCHEDULE

43 Work papers - Supplemental Response to RUCO 6.01

44

45 ¹ Post last test year end date

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - G

Exhibit
 Proposed Final Schedule B-2
 Page 3.7
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Original Cost	B-2 Adjustments	Rejoinder Adjusted Original Cost	Rejoinder Plant Per Reconstruction	Difference
1		Reconciliation of Plant to Plant Reconstruction					
2							
3							
4							
5	301	Organization Cost	21,100	-	21,100	21,100	-
6	302	Franchise Cost	-	-	-	-	-
7	303	Land and Land Rights	1,456,278	(6,000)	1,450,278	1,450,278	-
8	304	Structures and Improvements	28,000,916	(2,964,545)	25,036,371	25,036,371	-
9	305	Collecting and Impounding Res.	-	-	-	-	-
10	306	Lake River and Other Intakes	-	-	-	-	-
11	307	Wells and Springs	3,097,345	116,770	3,214,114	3,214,114	(0)
12	308	Infiltration Galleries and Tunnels	-	-	-	-	-
13	309	Supply Mains	-	-	-	-	-
14	310	Power Generation Equipment	207,020	18,111	225,130	225,130	-
15	311	Electric Pumping Equipment	897,792	(23,502)	874,290	874,290	-
16	320	Water Treatment Equipment	-	-	-	-	-
17	320.1	Water Treatment Plant	1,696,759	1,728,635	3,425,394	3,425,394	-
18	320.2	Chemical Solution Feeders	-	-	-	-	-
19	330	Dist. Reservoirs & Standpipe	492,176	-	492,176	492,176	-
20	330.1	Storage tanks	-	901,841	901,841	901,841	-
21	330.2	Pressure Tanks	-	-	-	-	-
22	331	Trans. and Dist. Mains	40,259,045	(2,859)	40,256,187	40,256,187	0
23	333	Services	5,350,963	-	5,350,963	5,350,963	-
24	334	Meters	4,759,560	-	4,759,560	4,759,560	-
25	335	Hydrants	3,304,755	(2,608)	3,302,147	3,302,148	0
26	336	Backflow Prevention Devices	38,387	-	38,387	38,387	-
27	339	Other Plant and Misc. Equip.	259,531	-	259,531	259,531	-
28	340	Office Furniture and Fixtures	651,098	6,555	657,653	657,653	-
29	340.1	Computers and Software	-	7,995	7,995	7,995	-
30	341	Transportation Equipment	307,592	(72,896)	234,696	234,697	1
31	342	Stores Equipment	37,143	-	37,143	37,143	-
32	343	Tools and Work Equipment	47,434	-	47,434	47,434	-
33	344	Laboratory Equipment	5,803	-	5,803	5,803	-
34	345	Power Operated Equipment	-	18,003	18,003	18,003	(0)
35	346	Communications Equipment	128,402	-	128,402	128,402	-
36	347	Miscellaneous Equipment	-	-	-	-	-
37	348	Other Tangible Plant	132,312	(9,897)	122,414	122,414	-
38		Rounding					(1)
39		TOTALS	\$ 91,151,411	\$ (284,397)	\$ 90,867,014	\$ 90,867,015	\$ 0
40							
41							
42							
43		SUPPORTING SCHEDULE					
44		B-2, pages 3.1 through 3.6					
45		B-2, pages 3.8 through 3.12					

Exhibit
Proposed Final Schedule B-2
Page 38
Witness: Bourassa

Litchfield Park Service Company - Water Division
d/b/a Liberty Utilities
Plant Additions and Refinements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Per Decision		2008						3 months Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant at 9/30/2008	Accum. Deprec. At 9/30/2008	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Refinements (Per Books)	Adjusted Plant Refinements	Salvage A/D Only			
1	301	Organization Cost	0.00%	21,100	-	-	-	-	-	-	-	-	21,100	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	1,284,595	-	(367,902)	-	(367,902)	-	-	-	-	916,693	-
4	304	Structures & Improvements	3.33%	24,649,251	404,869	(1,026,406)	(20,938)	(1,047,346)	-	-	-	200,845	23,801,905	605,714
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	2,393,481	631,793	163	-	163	-	-	-	19,925	2,393,653	651,720
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	202,269	56,403	-	-	-	-	-	-	2,528	202,269	58,932
11	311	Pumping Equipment	12.50%	917,055	598,038	11,723	-	11,723	420,594	420,594	-	22,269	508,184	199,713
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	1,337,824	41,009	(46,530)	-	(46,530)	-	-	-	10,944	1,291,294	51,953
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	439,244	174,417	600	-	600	-	-	-	2,439	439,844	176,856
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	28,918,695	3,844,759	724,203	(10,868)	705,481	-	-	-	146,360	29,625,166	3,991,099
19	333	Services	3.33%	4,245,638	900,899	164,164	(15,625)	148,539	-	-	-	35,965	4,394,377	936,064
20	334	Meters	8.33%	4,133,092	1,931,628	5,723	-	5,723	-	-	-	86,131	4,138,815	2,017,760
21	335	Hydrants	2.00%	2,055,781	163,913	91,012	-	91,012	-	-	-	10,506	2,146,793	174,420
22	336	Backflow Prevention Devices	6.67%	38,387	7,546	-	-	-	-	-	-	840	38,387	8,186
23	339	Other Plant & Misc Equipment	6.67%	259,531	33,497	-	-	-	-	-	-	4,328	259,531	37,825
24	340	Office Furniture & Equipment	6.67%	551,757	124,987	-	-	-	-	-	-	9,201	551,757	134,187
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	174,415	83,060	-	(11,159)	(11,159)	40,196	40,196	-	7,437	123,060	50,301
27	342	Stores Equipment	4.00%	31,711	1,586	-	-	-	-	-	-	317	31,711	1,903
28	343	Tools, Shop & Garage Equipment	5.00%	23,350	7,113	-	-	-	-	-	-	292	23,350	7,405
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	119,710	21,730	-	-	-	-	-	-	113	119,710	24,723
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-
34		Plant Held for Future Use	10.00%	-	-	2,475	-	2,475	-	-	-	31	2,475	31
35		TOTALS		71,797,096	9,027,027	(440,777)	(47,431)	(488,208)	460,790	460,790	-	563,265	70,848,098	9,129,503

Exhibit
Proposed Final Schedule B-2
Page 3.9
Witness: Bourassa

Litchfield Park Service Company - Water Division
dba Liberty Utilities
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2009					Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Depr.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements				
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	21,100	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	1,009,188	-
3	303	Land and Land Rights	0.00%	92,495	-	92,495	-	-	-	-	23,733,692	1,393,862
4	304	Structures & Improvements	3.33%	1,190,718	(21,984)	(1,036,948)	-	-	-	788,138	-	-
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	501,310	(773)	65,920	-	-	-	89,140	2,960,110	740,860
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	21,214	-	10,851	-	-	-	10,113	202,269	69,045
12	320	Water Treatment Equipment	3.33%	-	-	-	35,008	-	-	63,339	505,241	228,044
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	2,479	(24,987)	287,818	-	-	-	47,417	1,556,602	99,370
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,908,160	(18,864)	1,887,496	-	-	-	611,379	31,512,683	4,602,477
19	333	Services	3.33%	1,580,515	-	1,580,515	-	-	-	172,648	5,974,892	1,109,312
20	334	Meters	8.33%	51,571	-	51,571	-	-	-	346,911	4,190,386	2,364,671
21	335	Hydrants	2.00%	309,661	-	309,661	-	-	-	48,032	2,456,454	220,452
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	2,560	38,387	10,746
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	17,311	259,531	65,135
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	36,802	551,757	170,990
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	800	7,995	800
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	24,612	123,060	74,913
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	1,268	31,711	3,171
28	343	Tools, Shop & Garage Equipment	10.00%	-	-	-	-	-	-	1,168	23,350	8,573
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	900	18,003	1,013
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	11,971	119,710	36,694
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	1,019	17,895	1,049
34		Plant Held for Future Use		15,420	-	15,420	-	-	-	-	-	-
35		TOTALS		5,671,544	(66,408)	5,605,136	35,008	35,008	-	2,290,668	76,418,226	11,385,163

Exhibit
Proposed Final Schedule B-2
Page 3.10
Witness: Bourassa

Litchfield Park Service Company - Water Division
dba Liberty Utilities
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	21,100	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	1,439,666	-
3	303	Land and Land Rights	0.00%	430,531	(53)	-	430,478	-	-	-	-	23,768,481	2,184,763
4	304	Structures & Improvements	3.33%	1,284,065	(3,776)	(1,245,500)	34,789	-	-	-	790,911	-	-
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	56,518	-	-	56,518	-	-	-	98,513	3,016,628	840,373
8	308	Infiltration Galleries	8.67%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	61,729	-	13,620	75,349	-	20,920	-	10,113	202,269	79,159
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	66,557	559,670	273,681
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	2.22%	353,630	(34)	1,215,221	1,568,817	-	-	-	77,986	3,125,420	177,326
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	20,000	20,000	-	-	-	9,765	439,844	196,395
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	14,971	684,366	22,346
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,611,724	(3,139)	-	1,608,585	-	-	-	646,339	33,121,267	5,248,817
19	333	Services	3.33%	307,502	(207)	-	307,294	-	-	-	204,080	6,282,186	1,313,392
20	334	Meters	8.33%	167,302	-	-	167,302	-	-	-	356,027	4,357,688	2,720,698
21	335	Hydrants	2.00%	221,507	(2,606)	-	218,899	-	-	-	51,318	2,675,353	271,770
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	2,560	36,387	13,307
23	339	Other Plant & Misc Equipment	6.67%	-	-	8,555	6,555	-	-	-	17,311	259,531	72,445
24	340	Office Furniture & Equipment	20.00%	-	-	-	-	-	-	-	37,021	558,312	208,010
25	340.1	Computers & Software	20.00%	4,845	-	-	4,845	-	-	-	25,097	127,905	100,008
26	341	Transportation Equipment	4.00%	3,688	-	-	3,688	-	-	-	1,342	35,399	4,513
27	342	Stores Equipment	5.00%	939	-	-	939	-	-	-	1,191	24,289	8,764
28	343	Tools, Shop & Garage Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	900	18,003	1,913
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	11,971	119,710	48,665
31	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	2,341	28,922	3,390
33	348	Other Tangible Plant	10.00%	20,924	-	(9,897)	11,027	-	-	-	-	-	-
34		Plant Held for Future Use	-	-	-	-	-	-	-	-	-	-	-
35		TOTALS	-	4,524,902	(9,816)	(9,816)	4,515,085	20,920	20,920	-	2,428,883	80,912,392	13,793,126

Exhibit
Proposed Final Schedule B-2
Page 3.11
Witness: Bourassa

Litchfield Park Service Company - Water Division
d/b/a Liberty Utilities
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2011									
				Plant Additions (Per Books)	Plant Adjustments	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	21,100
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	8,476	-	-	2,288	-	-	-	-	-	1,441,954
4	304	Structures & Improvements	3.33%	549,237	(8,757)	(484,324)	46,156	-	-	-	-	792,259	23,814,637
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	19,010	(686)	88,958	87,282	-	-	-	-	101,907	3,103,910
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	4,596	-	18,111	22,708	-	-	-	-	10,881	224,876
11	311	Pumping Equipment	12.50%	220,561	(3,315)	(47,974)	169,271	1,327	-	1,327	-	80,455	727,615
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	28,534	(223)	225,588	253,908	-	-	-	-	108,304	3,379,328
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	53,676	(1,344)	217,475	52,332	-	-	-	-	10,345	482,176
16	330.1	Storage Tanks	2.22%	-	-	-	217,475	-	-	-	-	17,807	901,841
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	5,388,147	(8,802)	-	5,379,345	-	-	-	-	716,219	38,500,612
19	333	Services	3.33%	382,109	(944)	-	381,165	-	-	-	-	215,543	6,663,351
20	334	Meters	8.33%	267,613	(4,811)	-	262,802	-	-	-	-	373,941	4,620,489
21	335	Hydrants	2.00%	512,885	(573)	-	512,312	-	-	-	-	56,630	3,187,865
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-	2,560	38,387
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	-	17,311	259,531
24	340	Office Furniture & Equipment	6.67%	9,928	-	-	9,928	-	-	-	-	37,571	568,240
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	1,999	7,995
26	341	Transportation Equipment	20.00%	26,185	(636)	-	25,550	17,555	-	17,555	-	26,380	135,900
27	342	Stores Equipment	4.00%	1,116	-	-	1,116	-	-	-	-	1,438	36,515
28	343	Tools, Shop & Garage Equipment	5.00%	578	-	-	578	-	-	-	-	1,229	24,867
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	900	18,003
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	12,168	123,647
31	346	Communication Equipment	10.00%	3,986	(49)	-	3,937	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	5,110	73,271
33	348	Plant Held for Future Use	10.00%	44,349	-	-	44,349	-	-	-	-	-	-
34				-	-	-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-	-	-
36		TOTALS		7,520,985	(36,328)	(12,156)	7,472,500	18,882	-	18,882	-	2,582,163	88,356,010
													18,366,402

Exhibit
Proposed Final Schedule B-2
Page 3.12
Witness: Bourassa

Litchfield Park Service Company - Water Division
dba Liberty Utilities
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2012									
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Plant only B-2 Adjust	Salvage A/D Only	Depreciation (Calculated)	Plant Balance
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	21,100
2	302	Franchise Cost	0.00%	8,324	-	8,324	-	-	-	-	-	-	1,450,278
3	303	Land and Land Rights	0.00%	1,405,618	(5,268)	1,221,734	-	-	-	-	65,110	813,368	25,038,371
4	304	Structures & Improvements	3.33%	-	-	-	-	-	-	-	-	-	3,855,501
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	142,604	(726)	123,770	13,565	-	13,565	-	-	105,195	3,214,114
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	1,033,909
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	155	-	155	-	-	-	-	-	11,253	225,130
11	311	Pumping Equipment	12.50%	147,387	(712)	146,675	-	-	-	-	14,688	100,119	874,280
12	320	Water Treatment Equipment	3.33%	46,116	(50)	46,066	-	-	-	-	-	113,299	3,425,384
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	398,928
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,808,114	(8,947)	1,803,153	47,578	-	47,578	-	1,827	787,568	40,256,187
19	333	Services	3.33%	(1,200,817)	(1,065)	(1,201,882)	110,506	-	110,506	-	-	200,038	5,350,963
20	334	Meters	8.33%	233,873	(3,333)	230,540	91,470	-	91,470	-	7,444	390,679	4,759,560
21	335	Hydrants	2.00%	120,585	(2,471)	118,114	3,631	-	3,631	-	-	64,888	3,302,148
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	568	2,560	38,387
23	339	Other Plant & Misc Equipment	6.67%	89,413	-	89,413	-	-	-	-	-	17,311	259,531
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	-	40,884	657,653
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	1,599	7,995
26	341	Transportation Equipment	20.00%	111,782	(1,468)	106,328	7,532	-	7,532	-	-	37,060	234,697
27	342	Stores Equipment	4.00%	628	-	628	-	-	-	-	-	1,473	37,143
28	343	Tools, Shop & Garage Equipment	5.00%	22,570	(303)	22,567	-	-	-	-	-	1,808	47,434
29	344	Laboratory Equipment	10.00%	5,803	-	5,803	-	-	-	-	-	290	5,803
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	900	18,003
31	346	Communication Equipment	10.00%	4,827	(72)	4,755	-	-	-	-	498	12,602	73,934
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	49,143	-	49,143	-	-	-	-	1,695	9,784	122,414
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-
35		TOTALS		2,996,426	(24,414)	2,775,287	274,282	-	274,282	-	91,841	2,743,536	90,867,015
36													18,927,597

Exhibit
Proposed Final Schedule B-2
Page 4
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Accumulated Depreciation													
Line No.	A	B	C	D	E	F	G	H	I	J	K	L	M
	Adjusted Accum. Depr.	True-Up of Accruals	Plant Reclassification	Plant Not Used and Useful	Duplicate Invoices	Retirement Trans. Equip	Annualized Depreciation (21,100)	Plant Additions Wrong Yrs	Retirements and Reclassifications	Adjustments to Reconcile AD to Reconstruction	Rejoinder Adjusted Accum. Depr.		
1	21,100												
2													
3													
4													
5	3,036,910	(2,974)	(249,236)	(308)	(250)		1,006,248	65,110			3,855,501		
6													
7													
8													
9													
10													
11													
12	915,114	(301)	11,127				107,969			(0)	1,033,909		
13													
14													
15	87,092		1,358				12,642						
16	759,242		9				(306,323)	14,698			101,092		
17											467,627		
18	199,379		145,981				53,569				398,928		
19													
20	205,453						12,204				217,657		
21			59,973								59,973		
22													
23	5,947,658						757,892	1,827	(525)	0	6,706,853		
24	1,409,855						208,613				1,618,468		
25	2,960,806						433,042	7,444			3,401,292		
26	335,259				(130)		56,539				391,667		
27	15,227						3,201				18,428		
28	85,429						21,638	568			107,636		
29	239,369		1,093				46,003				286,464		
30			5,597								5,597		
31	200,543					(17,555)	43,604		(49,801)	(38,427)	138,363		
32	5,839						1,586				7,425		
33	11,341						1,459				12,800		
34	290						(0)				290		
35										(0)	3,713		
36	58,472						14,964	498	3,713		73,934		
37													
38	19,709		(2,474)				1,049	1,695			19,980		
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Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - A

Exhibit
 Proposed Final Schedule B-2
 Page 4.1
 Witness: Bourassa

Line

No.

1 A/D related to True-up of Accruals

2

3

4

Acct.

Original

5

No. DescriptionCostDepr RateYearsA/D

6

304 Structures and Improvements

(178,617)

3.33%

0.50

(2,974)

7

307 Wells and Springs

(18,108)

3.33%

0.50

(301)

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TOTALS

\$ (196,725)

\$ (3,275)

41

42

SUPPORTING SCHEDULE

43

Schedule B-2, page 3.1

44

45

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Proposed Final Schedule B-2
 Page 4.2
 Witness: Bourassa

Line

No.	Acct.	Description	Year	Depr Rate	Years	Plant Adjustment	A/D Adjustment
1		Reclassification of Plant - A/D					
2							
3							
4							
5	304	Structures and Improvements	2009	3.33%	3.5	\$ (1,036,948)	\$ (120,856)
6	304	Structures and Improvements	2010	3.33%	2.5	(1,245,500)	(103,688)
7	304	Structures and Improvements	2011	3.33%	1.5	(494,324)	(24,691)
8	Subtotal					\$ (2,776,772)	\$ (249,236)
9	307	Wells and Springs	2009	3.33%	3.5	65,920	7,683
10	307	Wells and Springs	2010	3.33%	2.5	-	-
11	307	Wells and Springs	2011	3.33%	1.5	68,958	3,444
12	Subtotal					\$ 134,878	\$ 11,127
13	310	Power Generation Equipment	2009	5.00%	3.5	-	-
14	310	Power Generation Equipment	2010	5.00%	2.5	-	-
15	310	Power Generation Equipment	2011	5.00%	1.5	18,111	1,358
16	Subtotal					\$ 18,111	\$ 1,358
17	311	Electric Pumping Equipment	2009	12.50%	3.5	10,851	4,747
18	311	Electric Pumping Equipment	2010	12.50%	2.5	13,620	4,256
19	311	Electric Pumping Equipment	2011	12.50%	1.5	(47,974)	(8,995)
20	Subtotal					\$ (23,502)	\$ 9
21	320.1	Water Treatment Plant	2009	3.33%	3.5	287,816	33,545
22	320.1	Water Treatment Plant	2010	3.33%	2.5	1,215,221	101,167
23	320.1	Water Treatment Plant	2011	3.33%	1.5	225,598	11,269
24	Subtotal					\$ 1,728,635	\$ 145,981
25	330.1	Storage tanks	2009	2.22%	3.5	664,366	51,621
26	330.1	Storage tanks	2010	2.22%	2.5	20,000	1,110
27	330.1	Storage tanks	2011	2.22%	1.5	217,475	7,242
28	Subtotal					\$ 901,841	\$ 59,973
29	340	Office Furniture and Fixtures	2009	6.67%	3.5	-	-
30	340	Office Furniture and Fixtures	2010	6.67%	2.5	6,555	1,093
31	340	Office Furniture and Fixtures	2011	6.67%	1.5	-	-
32	Subtotal					\$ 6,555	\$ 1,093
33	340.1	Computers and Software	2009	20.00%	3.5	7,995	5,597
34	340.1	Computers and Software	2010	20.00%	2.5	-	-
35	340.1	Computers and Software	2011	20.00%	1.5	-	-
36	Subtotal					\$ 7,995	\$ 5,597
37	348	Other Tangible Plant	2009	10.00%	3.5	-	-
38	348	Other Tangible Plant	2010	10.00%	2.5	(9,897)	(2,474)
39	348	Other Tangible Plant	2011	10.00%	1.5	-	-
40	Subtotal					\$ (9,897)	\$ (2,474)
41							
42							
43							
44		TOTALS				\$ (12,156)	\$ (26,572)

SUPPORTING SCHEDULE

Schedule B-2, page 3.2

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - C

Exhibit
 Proposed Final Schedule B-2
 Page 4.3
 Witness: Bourassa

Line

No.

1 Plant Not Used and Useful

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Acct.

No. DescriptionYear

Depr

RateYears

Plant

Adjustment

A/D

Adjustment

303 Land and Land Rights

2011

0.00%

1.5

(6,000)

-

304 Structures and improvements

2011

3.33%

1.5

(6,156)

(308)

TOTALS

\$	(12,156)	\$	(308)
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SUPPORTING SCHEDULE

Schedule B-2, page 3.3

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - D

Exhibit
 Proposed Final Schedule B-2
 Page 4.4
 Witness: Bourassa

Line

No.

Duplicate Invoices

1

2

3

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Acct.

No. DescriptionYear

Depr

RateYears

Plant

Adjustment

A/D

Adjustment

304 Structures and Improvements

2010

3.33%

2.5

(3,000)

(250)

335 Hydrants

2010

2.00%

2.5

(2,608)

(130)

TOTALS

\$	(5,608)	\$	(380)
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SUPPORTING SCHEDULE

Staff Adjustment #7

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - E

Exhibit
 Proposed Final Schedule B-2
 Page 4.5
 Witness: Bourassa

Line
 No.

1 Retirement of Transportation Equipment - A/D

2

3

4

Acct.

5

No. Description

Year of Retirement

Adjustment

6

341 Transportation Equipment

2011

(17,555)

7

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Plant Held for Future Use

39

TOTALS

40

\$ (17,555)

41

SUPPORTING SCHEDULE

42

Staff Adjustment #7

43

44

45

Litchfield Park Service Company - Water Division dba Liberty Utilities

Test Year Ended December 31, 2012

Original Cost Rate Base Proforma Adjustments

Adjustment Number 2 - F

Exhibit

Proposed Final Schedule B-2

Page 4.6

Witness: Bourassa

Line

No.

Accumulated Depreciation - Annualization Correction

		Adjusted	Rejoinder	
		Original	Adjusted	Annualized
		Cost	Original	Depreciation
			Cost	Correction
1				
2				
3				
4	Acct.			
5	No. Description			
6	301 Organization Cost	21,100	-	(21,100)
7	302 Franchise Cost	-	-	-
8	303 Land and Land Rights	-	-	-
9	304 Structures and Improvements	3,036,910	4,043,158	1,006,248
10	305 Collecting and Impounding Res.	-	-	-
11	306 Lake River and Other Intakes	-	-	-
12	307 Wells and Springs	915,114	1,023,083	107,969
13	308 Infiltration Galleries and Tunnels	-	-	-
14	309 Supply Mains	-	-	-
15	310 Power Generation Equipment	87,092	99,734	12,642
16	311 Electric Pumping Equipment	759,242	452,920	(306,323)
17	320 Water Treatment Equipment	-	-	-
18	320.1 Water Treatment Plant	199,379	252,948	53,569
19	320.2 Chemical Solution Feeders	-	-	-
20	330 Dist. Reservoirs & Standpipe	205,453	217,657	12,204
21	330.1 Storage tanks	-	-	-
22	330.2 Pressure Tanks	-	-	-
23	331 Trans. and Dist. Mains	5,947,658	6,705,550	757,892
24	333 Services	1,409,855	1,618,468	208,613
25	334 Meters	2,960,806	3,393,848	433,042
26	335 Hydrants	335,259	391,798	56,539
27	336 Backflow Prevention Devices	15,227	18,428	3,201
28	339 Other Plant and Misc. Equip.	85,429	107,068	21,638
29	340 Office Furniture and Fixtures	239,369	285,371	46,003
30	340.1 Computers and Software	-	-	-
31	341 Transportation Equipment	200,543	244,147	43,604
32	342 Stores Equipment	5,839	7,425	1,586
33	343 Tools and Work Equipment	11,341	12,800	1,459
34	344 Laboratory Equipment	290	290	(0)
35	345 Power Operated Equipment	-	-	-
36	346 Communications Equipment	58,472	73,436	14,964
37	347 Miscellaneous Equipment	-	-	-
38	348 Other Tangible Plant	19,709	20,759	1,049
39	Plant Held for Future Use	-	-	-
40	TOTALS	\$ 16,514,086	\$ 18,968,887	\$ 2,454,800

SUPPORTING SCHEDULE

Staff Adjustment #2

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - G

Exhibit
 Proposed Final Schedule B-2
 Page 4.7
 Witness: Bourassa

Line
 No.

1	<u>Accumulated Depreciation - Plant Additions in Wrong Years</u>		
2			
3			
4	Acct.		Depreciation
5	No.	Description	Correction
6	301	Organization Cost	-
7	302	Franchise Cost	-
8	303	Land and Land Rights	-
9	304	Structures and Improvements	65,110
10	305	Collecting and Impounding Res.	-
11	306	Lake River and Other Intakes	-
12	307	Wells and Springs	-
13	308	Infiltration Galleries and Tunnels	-
14	309	Supply Mains	-
15	310	Power Generation Equipment	-
16	311	Electric Pumping Equipment	14,698
17	320	Water Treatment Equipment	-
18	320.1	Water Treatment Plant	-
19	320.2	Chemical Solution Feeders	-
20	330	Dist. Reservoirs & Standpipe	-
21	330.1	Storage tanks	-
22	330.2	Pressure Tanks	-
23	331	Trans. and Dist. Mains	1,827
24	333	Services	-
25	334	Meters	7,444
26	335	Hydrants	-
27	336	Backflow Prevention Devices	-
28	339	Other Plant and Misc. Equip.	568
29	340	Office Furniture and Fixtures	-
30	340.1	Computers and Software	-
31	341	Transportation Equipment	-
32	342	Stores Equipment	-
33	343	Tools and Work Equipment	-
34	344	Laboratory Equipment	-
35	345	Power Operated Equipment	-
36	346	Communications Equipment	498
37	347	Miscellaneous Equipment	-
38	348	Other Tangible Plant	1,695
39			
40	TOTALS		<u>\$ 91,841</u>
41			
42			
43	<u>SUPPORTING SCHEDULE</u>		
44	Work papers		
45			

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - H

Exhibit
 Proposed Final Schedule B-2
 Page 4.8
 Witness: Bourassa

Line
 No.

Retirements A/D

Acct. No.	Description	Year of Retirement	Adjustment	
341	Transportation Equipment	2008		(40,196)
Total			\$	(40,196)

Reclassifications A/D

Acct. No.	Description	Year	Depr Rate	Years ¹	Plant		A/D	
					Adjustment		Adjustment	
341	Transportation Equipment	2012	20.00%	0.5	\$	(3,985)	\$	(399)
341	Transportation Equipment	2008	20.00%	4.125		(18,003)		(14,853)
341	Transportation Equipment	2008	20.00%	4.125		6,844		5,646
Subtotal					\$	(15,144)	\$	(9,605)
331	Trans. and Dist. Mains	2012	2.00%	0.5	\$	3,985	\$	40
345	Power Operated Equipment	2008	5.00%	4.125		18,003		3,713
331	Trans. and Dist. Mains	2008	2.00%	4.125		(6,844)		(565)
Subtotal					\$	15,144	\$	3,188
Total							\$	(6,416)

Total Adjustment

\$ (46,613)

SUPPORTING SCHEDULE

Schedule B-2, page 3.6

Work papers

¹ Post last test year end date

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - I

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 Proposed Final Schedule B-2
 Page 4.9
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Original Cost A/D	B-2 Adjustments	Rejoinder Adjusted Original Cost A/D	Rejoinder A/D Per Reconstruction	Difference
1		<u>Reconciliation of A/D to A/D Reconstruction</u>					
2							
3							
4							
5	301	Organization Cost	21,100	(21,100)	-	-	-
6	302	Franchise Cost	-	-	-	-	-
7	303	Land and Land Rights	-	-	-	-	-
8	304	Structures and Improvements	3,036,910	818,591	3,855,501	3,855,501	-
9	305	Collecting and Impounding Res.	-	-	-	-	-
10	306	Lake River and Other Intakes	-	-	-	-	-
11	307	Wells and Springs	915,114	118,795	1,033,909	1,033,909	(0)
12	308	Infiltration Galleries and Tunnels	-	-	-	-	-
13	309	Supply Mains	-	-	-	-	-
14	310	Power Generation Equipment	87,092	14,000	101,092	101,092	-
15	311	Electric Pumping Equipment	759,242	(291,615)	467,627	467,627	-
16	320	Water Treatment Equipment	-	-	-	-	-
17	320.1	Water Treatment Plant	199,379	199,550	398,928	398,928	-
18	320.2	Chemical Solution Feeders	-	-	-	-	-
19	330	Dist. Reservoirs & Standpipe	205,453	12,204	217,657	217,657	-
20	330.1	Storage tanks	-	59,973	59,973	59,973	-
21	330.2	Pressure Tanks	-	-	-	-	-
22	331	Trans. and Dist. Mains	5,947,658	759,195	6,706,853	6,706,853	0
23	333	Services	1,409,855	208,613	1,618,468	1,618,468	-
24	334	Meters	2,960,806	440,486	3,401,292	3,401,292	-
25	335	Hydrants	335,259	56,408	391,667	391,667	0
26	336	Backflow Prevention Devices	15,227	3,201	18,428	18,428	-
27	339	Other Plant and Misc. Equip.	85,429	22,207	107,636	107,636	-
28	340	Office Furniture and Fixtures	239,369	47,096	286,464	286,464	-
29	340.1	Computers and Software	-	5,597	5,597	5,597	-
30	341	Transportation Equipment	200,543	(23,752)	176,790	138,363	(38,427)
31	342	Stores Equipment	5,839	1,586	7,425	7,425	-
32	343	Tools and Work Equipment	11,341	1,459	12,800	12,800	-
33	344	Laboratory Equipment	290	(0)	290	290	-
34	345	Power Operated Equipment	-	3,713	3,713	3,713	(0)
35	346	Communications Equipment	58,472	15,462	73,934	73,934	-
36	347	Miscellaneous Equipment	-	-	-	-	-
37	348	Other Tangible Plant	19,709	271	19,980	19,980	-
38		Plant Held for Future Use	-	-	-	-	-
39		TOTALS	\$ 16,514,086	\$ 2,451,939	\$ 18,966,025	\$ 18,927,597	\$ (38,427)

SUPPORTING SCHEDULE

B-2, pages 4.1 through 4.8

B-2, pages 3.8 through 3.12

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Proposed Final Schedule B-2
Page 5
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line

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	Gross CIAC	Accumulated Amortization
Computed balance at 12/31/2012	\$ 7,425,812	\$ 1,285,854
Adjusted balance at 12/31/2012	\$ 7,324,578	\$ 1,489,772
Increase (decrease)	\$ 101,234	\$ (203,918)
Adjustment to CIAC/AA CIAC	\$ 101,234	\$ 203,918
Label	3a	3b

SUPPORTING SCHEDULES

E-1
B-2, page 5.1 to 5.4

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Contributions-in-aid of Construction and Amortization
 Adjustment 4

Exhibit
 Proposed Final Schedule B-2
 Page 5.1
 Witness: Bourassa

Line No.		GL Account	Depr'n Rate	Balance at 9/30/2008	2008 Activity	Balance at 12/31/2008	2009 Activity	Balance at 12/31/2009
1	Wells & Springs Contributed	8600.2.0100.10.1615.0011 Prior to Nov 2002	3.33%				499,000	499,000
2								
3								
4								
5								
6	Amortization Accum Amort.	8600.2.0000.10.1641.0100			8,308		8,308	8,308
7								
8	Pumping Equipment - Contrib	8600.2.0100.10.1615.0011 Prior to Nov 2002	12.50%	15,219		15,219	-	15,219
9								
10								
11								
12	Amortization Accum Amort.	8600.2.0000.10.1641.0100			476		1,902	1,902
13				18,824	476	19,300	1,902	21,202
14								
15								
16	Trans/Dist Main Contributed	8600.2.0100.10.1615.0020	2.00%	2,846,725		2,846,725		2,846,725
17								
18								
19	Amortization Accum Amort.	8600.2.0000.10.1641.0100			14,234		56,935	56,935
20				742,400	14,234	756,634	56,935	813,568
21								
22	Services Contributed	8600.2.0100.10.1615.0013	3.33%	151,402		151,402	448,505	599,907
23								
24								
25	Amortization Accum Amort.	8600.2.0000.10.1641.0100			1,260		12,509	12,509
26				36,723	1,260	37,983	12,509	50,492
27								
28	Meters Contributed	8600.2.0100.10.1615.0021	8.33%	29,899		29,899		29,899
29								
30								
31	Amortization Accum Amort.	8600.2.0000.10.1641.0100			191		-	29,899
32				29,708	191	29,899		
33								
34	Hydrants Contributed	8600.2.0100.10.1615.0022	2.00%	52,935		52,935		52,935
35								
36								
37	Amortization Accum Amort.	8600.2.0000.10.1641.0100			265		1,059	1,059
38				33,051	265	33,316	1,059	34,375
39								
40	Land Contributed	8600.2.0100.10.1615.0022	0.00%	-		-	92,495	92,495
41								
42								
43								
44								
45								
46	Total CIAC Water			3,096,180		3,096,180		4,136,180
47								
48								
49	Total Accum Amort.			860,706		877,131		957,844
50								

Exhibit
Proposed Final Schedule B-2
Page 5.2
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Line No.		Dep'n Rate	GL Account	2010 Activity	Balance at 12/31/2010	2011 Activity	Balance at 12/31/2011
1	Wells & Springs Contributed	3.33%	8600.2.0100.10.1615.0011 Prior to Nov 2002		499,000		499,000
2				16,617			
3				16,617	24,925	16,617	41,542
4							
5	Amortization		8600.2.0000.10.1641.0100			16,617	
6	Accum Amort.						
7							
8	Pumping Equipment - Contrib	12.50%	8600.2.0100.10.1615.0011 Prior to Nov 2002		15,219	25,353	40,572
9							
10							
11				1,902		3,487	
12	Amortization		8600.2.0000.10.1641.0100			3,487	
13	Accum Amort.			1,902	23,104	3,487	26,591
14							
15	Trans/Dist Main Contributed	2.00%	8600.2.0100.10.1615.0020		2,846,725		2,846,725
16							
17							
18	Amortization		8600.2.0000.10.1641.0100	56,935		56,935	
19	Accum Amort.			56,935	870,503	56,935	927,437
20							
21	Services Contributed	3.33%	8600.2.0100.10.1615.0013		599,907		599,907
22							
23							
24	Amortization		8600.2.0000.10.1641.0100	19,977		19,977	
25	Accum Amort.			19,977	70,469	19,977	90,446
26							
27	Meters Contributed	8.33%	8600.2.0100.10.1615.0021		29,899		29,899
28							
29							
30	Amortization		8600.2.0000.10.1641.0100		29,899		29,899
31	Accum Amort.						
32							
33	Hydrants Contributed	2.00%	8600.2.0100.10.1615.0022		52,935		52,935
34							
35							
36	Amortization		8600.2.0000.10.1641.0100	1,059		1,059	
37	Accum Amort.			1,059	35,433	1,059	36,492
38							
39	Land Contributed	0.00%	8600.2.0100.10.1615.0022		92,495		92,495
40							
41							
42							
43							
44							
45							
46	Total CIAC Water				4,136,180		4,136,180
27							
28	Total Accum Amort.				1,054,334		1,152,407
29							

Exhibit
Proposed Final Schedule B-2
Page 5.3
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Contributions-In-aid of Construction and Amortization
Adjustment 4

Line No.	Depr'n Rate	GL Account	2012 Activity	Balance at 12/31/2012
1				
2				
3		8600.2.0100.10.1615.0011		499,000
4		Prior to Nov 2002		
5			16,617	
6		8600.2.0000.10.1641.0100	16,617	58,158
7				
8		8600.2.0100.10.1615.0011	-	40,572
9		Prior to Nov 2002		
10				
11			5,071	
12		8600.2.0000.10.1641.0100	5,071	31,663
13				
14				
15		8600.2.0100.10.1615.0020	3,046,493	5,893,218
16				
17				
18			87,399	
19		8600.2.0000.10.1641.0100	87,399	1,014,837
20				
21		8600.2.0100.10.1615.0013	172,302	772,209
22				
23				
24			22,846	
25		8600.2.0000.10.1641.0100	22,846	113,292
26				
27		8600.2.0100.10.1615.0021		29,889
28				
29				
30				
31		8600.2.0000.10.1641.0100	-	29,889
32				
33		8600.2.0100.10.1615.0022	45,484	98,419
34				
35				
36				
37		8600.2.0000.10.1641.0100	1,514	
38			1,514	38,006
39		8600.2.0100.10.1615.0022		92,495
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Exhibit
Proposed Final Schedule B-2
Page 6.0
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Line No.	Deferred Income Tax as of December 31, 2012	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset		Future Tax Liability	
							Current	Non Current	Current	Non Current
1										
2										
3										
4										
5										
6		Plant-In-Service	\$ 162,040,849 ¹							
7		Accum. Deprec.	(32,475,811) ¹							
8		CIAC	(59,777,267) ³							
9		Fed Fixed Assets	\$ 69,787,771	\$ 47,372,348 ²	\$ (22,415,423)	31.79%				(7,125,863)
10		State Fixed Assets	\$ 69,787,771	\$ 74,030,636 ²	\$ 4,242,865	6.500%		275,786		
11		Fed & State AIAC		14,120,317 ⁴	\$ 14,120,317 ⁴	38.29%	\$	5,406,669		
12							\$	5,682,456	\$	(7,125,863)
13							\$	(1,443,407)		
14										
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		Net Asset (Liability)					\$	(1,443,407)		
		Allocation Factor - Water-Division (based on rate base before ADIT)						0.5766		
		Net Asset (Liability) Water Division					\$	(832,300)		
		Adjusted DIT Asset (Liability)					\$	(1,459,075)		
		Adjustment to DIT					\$	(626,775)		

Footnotes - See page 7.1

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 5

Exhibit
 Proposed Final Schedule B-2
 Page 7
 Witness: Bourassa

Line

No.

1	<u>Customer Security Deposits</u>	
2		
3	Customer Security Deposits Balance per Staff	\$ 147,661
4	Adjusted Customer Security Deposits Balance	<u>140,147</u>
5		
6	Adjustment to Customer Security Deposits based upon a 13 month average	\$ 7,514
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45	<u>SUPPORTING SCHEDULE</u>	
46	Staff Adjustment #10	
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Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 6

Exhibit
 Proposed Final Schedule B-2
 Page 8
 Witness: Bourassa

Line

No.

1 Regulatory Assets

2

3 Adjustment for additional Regulatory Asset amounts

\$ 688

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42 SUPPORTING SCHEDULE

43 RUCO Adjustment #10

44

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Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 7

Exhibit
 Proposed Final Schedule B-2
 Page 9
 Witness: Bourassa

Line

No.

1	<u>Customer Meter Deposits</u>	
2		
3	Customer Security Deposits Balance per RUCO	\$ 1,432,787
4	Adjusted Customer Security Deposits Balance	<u>1,271,802</u>
5		
6	Adjustment to Customer Security Deposits based upon a 13 month average	\$ 160,985
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45	<u>SUPPORTING SCHEDULE</u>	
46	RUCOAdjustment #10	
47		
48		

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Computation of Working Capital

Exhibit
Proposed Final Schedule B-5
Page 1
Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance	
2	Operation and Maintenance Expense)	\$ 506,180
3	Pumping Power (1/24 of Pumping Power)	37,647
4	Purchased Water (1/24 of Purchased Water)	-
5	Prepaid Expenses	
6		
7		
8		
9	Total Working Capital Allowance	<u>\$ 543,827</u>
10		
11		
12	Working Capital Requested	<u>\$ -</u>
13		
14		
15		
16		
17		Rejoinder
18	Total Operating Expense	<u>Adjusted Test Year</u>
19	Less:	\$ 9,166,122
20	Income Tax	\$ 1,054,157
21	Property Tax	531,421
22	Depreciation	2,627,581
23	Purchased Water	-
24	Pumping Power	903,527
25	Allowable Expenses	<u>\$ 4,049,437</u>
26	1/8 of allowable expenses	<u>\$ 506,180</u>
27		

28

29 SUPPORTING SCHEDULES:

30 E-1

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RECAP SCHEDULES:

B-1

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Income Statement

Exhibit
Proposed Final Schedule C-1
Page 1
Witness: Bourassa

Line No.		Adjusted Test Year Results	Adjustment	Rejoinder Adjusted Test Year Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 10,965,545	\$ -	\$ 10,965,545	\$ 1,421,511	\$ 12,387,056
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	235,723	-	235,723	-	235,723
5		<u>\$ 11,201,268</u>	<u>\$ -</u>	<u>\$ 11,201,268</u>	<u>\$ 1,421,511</u>	<u>\$ 12,622,779</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 1,069,839	-	\$ 1,069,839	-	\$ 1,069,839
8	Purchased Water	2,615	-	2,615	-	2,615
9	Purchased Power	903,527	-	903,527	-	903,527
10	Fuel For Power Production	-	-	-	-	-
11	Chemicals	208,080	-	208,080	-	208,080
12	Materials and Supplies	91,139	-	91,139	-	91,139
13	Management Services - US Liberty Water	1,260,835	(10,249)	1,250,586	-	1,250,586
14	Management Services - Corporate	781,023	-	781,023	-	781,023
15	Management Services - Other	-	-	-	-	-
16	Outside Services - Accounting	9,271	-	9,271	-	9,271
17	Outside Services - Engineering	-	-	-	-	-
18	Outside Services - Other	103,412	-	103,412	-	103,412
19	Outside Services - Legal	19,865	-	19,865	-	19,865
20	Water Testing	66,942	(22,062)	44,880	-	44,880
21	Rents - Building	-	-	-	-	-
22	Rents - Equipment	7,229	-	7,229	-	7,229
23	Transportation Expenses	103,726	-	103,726	-	103,726
24	Insurance - General Liability	88,374	-	88,374	-	88,374
25	Insurance - Vehicle	20,825	-	20,825	-	20,825
26	Reg. Comm. Exp. - Other	19,721	851	20,572	-	20,572
27	Reg. Comm. Exp. - Rate Case	65,800	-	65,800	-	65,800
28	Miscellaneous Expense	151,237	(10,177)	141,060	-	141,060
29	Bad Debt Expense	(76)	21,216	21,140	-	21,140
30	Depreciation and Amortization Expense	2,615,868	11,713	2,627,581	-	2,627,581
31	Taxes Other Than Income	-	-	-	-	-
32	Property Taxes	559,122	(27,701)	531,421	22,577	553,998
33	Income Tax	1,028,589	25,568	1,054,157	535,652	1,589,809
34						
35	Total Operating Expenses	<u>\$ 9,176,963</u>	<u>\$ (10,841)</u>	<u>\$ 9,166,122</u>	<u>\$ 558,229</u>	<u>\$ 9,724,351</u>
36	Operating Income	<u>\$ 2,024,305</u>	<u>\$ 10,841</u>	<u>\$ 2,035,146</u>	<u>\$ 863,282</u>	<u>\$ 2,898,428</u>
37	Other Income (Expense)					
38	Interest Income	-	-	-	-	-
39	Other income	-	-	-	-	-
40	Interest Expense	(388,078)	51,862	(336,216)	-	(336,216)
41	Other Expense	-	-	-	-	-
42						
43	Total Other Income (Expense)	<u>\$ (388,078)</u>	<u>\$ 51,862</u>	<u>\$ (336,216)</u>	<u>\$ -</u>	<u>\$ (336,216)</u>
44	Net Profit (Loss)	<u>\$ 1,636,227</u>	<u>\$ 62,703</u>	<u>\$ 1,698,929</u>	<u>\$ 863,282</u>	<u>\$ 2,562,212</u>

SUPPORTING SCHEDULES:

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RECAP SCHEDULES:

A-1

Litchfield Park Service Company - Water Division
 dba Liberty Utilities
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Proposed Final Schedule C-1
 Page 2.1
 Witness: Bourassa

Line No.	1	2	3	4	5	6	7	8	9
	Depreciation	Property Taxes	Water Testing	Corporate Expense True-up	Corporate Allocation Expense	Interest on Customer Deposits	Bad Debt Expense	Misc. Expense	Amortization Regulatory Assets
1	Revenues								
2	Metered Water Revenues								
3	Unmetered Water Revenues								
4	Other Water Revenues								
5									
6	Operating Expenses								
7	Salaries and Wages								
8	Purchased Water								
9	Purchased Power								
10	Fuel For Power Production								
11	Chemicals								
12	Materials and Supplies								
13	Management Services - US Liberty Water								
14	Management Services - Corporate								
15	Management Services - Other								
16	Outside Services - Accounting								
17	Outside Services - Engineering								
18	Outside Services- Other								
19	Outside Services- Legal								
20	Water Testing								
21	Rents - Building								
22	Rents - Equipment								
23	Transportation Expenses								
24	Insurance - General Liability								
25	Insurance - Vehicle								
26	Reg. Comm. Exp. - Other								
27	Reg. Comm. Exp. - Rate Case								
28	Miscellaneous Expense								
29	Bad Debt Expense								
30	Depreciation and Amortization Expense								
31	Taxes Other Than Income								
32	Property Taxes								
33	Income Tax								
34									
35	Total Operating Expenses								
36	Operating Income								
37	Other Income (Expense)								
38	Interest Income								
39	Other Income								
40	Interest Expense								
41	Other Expense								
42									
43	Total Other Income (Expense)								
44	Net Profit (Loss)								
45									
46									
47									
48									

SUPPORTING SCHEDULES:

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Litchfield Park Service Company - Water Division
 dba Liberty Utilities
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Proposed Final Schedule C-1
 Page 2.2
 Witness: Bourassa

Line No.		10	11	12	13	14	15	16	17	Rejoinder	Adjusted	Proposed	Adjusted
		Interest	Income	Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	Test Year	with Rate	Rate	with Rate
		Synch.	Taxes	Left	Left	Left	Left	Left	Left	Results	Increase	Increase	Increase
1	Revenues												
2	Metered Water Revenues									\$ 10,965,545	\$ 1,421,511	\$ 12,387,056	
3	Unmetered Water Revenues									235,723			235,723
4	Other Water Revenues									\$ 11,201,268	\$ 1,421,511	\$ 12,622,779	
5													
6	Operating Expenses												
7	Salaries and Wages									\$ 1,069,839		\$ 1,069,839	
8	Purchased Water									2,615		2,615	
9	Purchased Power									903,527		903,527	
10	Fuel For Power Production												
11	Chemicals									208,080		208,080	
12	Materials and Supplies									91,139		91,139	
13	Management Services - US Liberty Water									1,250,586		1,250,586	
14	Management Services - Corporate									781,023		781,023	
15	Management Services - Other												
16	Outside Services - Accounting												
17	Outside Services - Engineering												
18	Outside Services - Other												
19	Outside Services - Legal												
20	Water Testing												
21	Rents - Building									9,271		9,271	
22	Rents - Equipment												
23	Transportation Expenses									103,412		103,412	
24	Insurance - General Liability									19,865		19,865	
25	Insurance - Vehicle									44,880		44,880	
26	Reg. Comm. Exp. - Other												
27	Reg. Comm. Exp. - Rate Case												
28	Miscellaneous Expense												
29	Bad Debt Expense									65,800		65,800	
30	Depreciation and Amortization Expense									141,060		141,060	
31	Taxes Other Than Income									21,140		21,140	
32	Property Taxes									2,627,581		2,627,581	
33	Income Tax												
34			25,568							531,421	22,577	553,998	
35	Total Operating Expenses									1,054,157	535,652	1,589,809	
36	Operating Income		25,568							\$ 9,166,122	\$ 558,229	\$ 9,724,351	
37	Other Income (Expense)		(25,568)							\$ 2,035,148	\$ 863,282	\$ 2,898,428	
38	Interest Income												
39	Other Income												
40	Interest Expense												
41	Other Expense												
42		51,862								(336,216)		(336,216)	
43	Total Other Income (Expense)												
44	Net Profit (Loss)	\$ 51,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (336,216)	\$ -	\$ (336,216)	
45		\$ 51,862	\$ (25,568)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,698,929	\$ 863,282	\$ 2,562,212	

RECAP SCHEDULES:
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SUPPORTING SCHEDULES:
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Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustments to Revenues and Expenses

Exhibit
 Proposed Final Schedule C-2
 Page 1
 Witness: Bourassa

Line No.	Adjustments to Revenues and Expenses						Subtotal
	1	2	3	4	5	6	
	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Water Testing</u>	<u>Corporate Expense True-up</u>	<u>Corporate Allocation Expense</u>	<u>Interest on Customer Deposits</u>	
Revenues							-
Expenses	11,713	(27,701)	(22,062)	(8,420)	(1,829)	5,931	(42,368)
Operating Income	(11,713)	27,701	22,062	8,420	1,829	(5,931)	42,368
Interest Expense							-
Other Income / Expense							-
Net Income	(11,713)	27,701	22,062	8,420	1,829	(5,931)	42,368

Line No.	Adjustments to Revenues and Expenses						Total
	7	8	9	10	11	12	
	<u>Bad Debt Expense</u>	<u>Misc. Expense</u>	<u>Amortization Regulatory Assets</u>	<u>Interest Synch.</u>	<u>Income Taxes</u>	<u>Intentionally Left Blank</u>	
Revenues							-
Expenses	21,216	(16,108)	851		25,568	-	(10,841)
Operating Income	(21,216)	16,108	(851)	-	(25,568)	-	10,841
Interest Expense	-			51,862			51,862
Other Income / Expense							-
Net Income	(21,216)	16,108	(851)	51,862	(25,568)	-	62,703

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Proposed Final Schedule C-2
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 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1					
2					
3					
4					
5	301	Organization Cost	21,100	0.00%	-
6	302	Franchise Cost	-	0.00%	-
7	303	Land and Land Rights	1,450,278	0.00%	-
8	304	Structures and Improvements	25,036,371	3.33%	833,711
9	305	Collecting and Impounding Res.	-	2.50%	-
10	306	Lake River and Other Intakes	-	2.50%	-
11	307	Wells and Springs	3,214,114	3.33%	107,030
12	308	Infiltration Galleries and Tunnels	-	6.67%	-
13	309	Supply Mains	-	2.00%	-
14	310	Power Generation Equipment	225,130	5.00%	11,257
15	311	Electric Pumping Equipment	874,290	12.50%	109,286
16	320	Water Treatment Equipment	-	3.33%	-
17	320.1	Water Treatment Plant	3,425,394	3.33%	114,066
18	320.2	Chemical Solution Feeders	-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	492,176	2.22%	10,926
20	330.1	Storage tanks	901,841	2.22%	20,021
21	330.2	Pressure Tanks	-	5.00%	-
22	331	Trans. and Dist. Mains	40,256,187	2.00%	805,124
23	333	Services	5,350,963	3.33%	178,187
24	334	Meters	4,759,560	8.33%	396,471
25	335	Hydrants	3,302,148	2.00%	66,043
26	336	Backflow Prevention Devices	38,387	6.67%	2,560
27	339	Other Plant and Misc. Equip.	259,531	6.67%	17,311
28	340	Office Furniture and Fixtures	657,653	6.67%	43,865
29	340.1	Computers and Software	7,995	20.00%	1,599
30	341	Transportation Equipment	234,697	20.00%	46,939
31	342	Stores Equipment	37,143	4.00%	1,486
32	343	Tools and Work Equipment	47,434	5.00%	2,372
33	344	Laboratory Equipment	5,803	10.00%	580
34	345	Power Operated Equipment	18,003	5.00%	900
35	346	Communications Equipment	128,402	10.00%	12,840
36	347	Miscellaneous Equipment	-	10.00%	-
37	348	Other Tangible Plant	122,414	10.00%	12,241
38		TOTALS	\$ 90,867,015		\$ 2,794,816
39					
40					
41		Less: Amortization of Contributions			
42	307	Wells and Springs	\$ 499,000	3.3300%	\$ (16,617)
43	311	Electric Pumping Equipment	\$ 40,572	12.5000%	(5,071)
44	331	Trans. and Dist. Mains	\$ 5,893,218	2.0000%	(117,864)
45	333	Services	\$ 772,209	3.3300%	(25,715)
46	334	Meters	\$ 29,899	8.3300%	-
47	335	Hydrants	\$ 98,419	2.0000%	(1,968)
48			\$ 6,834,317		\$ (167,235)
49		Total Depreciation Expense			\$ 2,627,581
50		Adjusted Test Year Depreciation Expense			2,615,868
51					
52		Increase (decrease) in Depreciation Expense			11,713
53					
54		Adjustment to Revenues and/or Expenses			\$ 11,713
55					
56		<u>SUPPORTING SCHEDULE</u>			
57		B-2, page 3			

*Fully Depreciated/Amortized

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Proposed Final Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 11,201,268	\$ 11,201,268
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	22,402,536	22,402,536
4	Company Recommended Revenue	11,201,268	12,622,779
5	Subtotal (Line 4 + Line 5)	33,603,803	35,025,315
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	11,201,268	11,675,105
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	22,402,536	23,350,210
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	96,334	96,334
12	Full Cash Value (Line 9 + Line 10 - Line 11)	22,306,202	23,253,876
13	Assessment Ratio	19.0%	19.0%
14	Assessment Value (Line 12 * Line 13)	4,238,178	4,418,236
15	Composite Property Tax Rate - Obtained from ADOR	12.5389%	12.5389%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 531,421	\$ 553,998
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 531,421	
19	Adjusted Test Year Property Taxes	\$ 559,122	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (27,701)	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 553,998
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 531,421
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 22,577
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 22,577
27	Increase in Revenue Requirement		\$ 1,421,511
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.58826%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Proposed Final Schedule C-2
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Witness: Bourassa

Water Testing

Line
No.

1		
2		
3	Recommended Water Testing Expense	\$ 44,880
4		
5	Adjusted Test Year Water Testing Expense	66,942
6		
7	Increase(decrease) Rate Case Expense	<u>\$ (22,062)</u>
8		
9	Adjustment to Revenue and/or Expense	<u>\$ (22,062)</u>
10		
11		
12	<u>Reference</u>	
13	RUCO Adjustment #6	
14	Testimony	
15		
16		
17		
18		
19		
20		

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 4

Exhibit
 Proposed Final Schedule C-2
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Corporate Allocation True-Up

Line
 No.

1		
2		
3		
4	Corporate Allocation True-up	\$ (29,297)
5		
6	% Allocation to Water	28.74%
7		
8	Total Adjustment to Management Services - US Liberty Water	<u>\$ (8,420)</u>
9		
10		
11	Adjustment to Revenue and/or Expense	<u>\$ (8,420)</u>
12		
13	<u>SUPPORTING SCHEDULES</u>	
14	Staff Adjustment #2	
15		
16		
17		
18		
19		
20		

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
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Witness: Bourassa

Corporate Allocation Expense Adjustment

Line
No.

1		
2	Corporate Allocation Expense Adjustment	\$ (1,829)
3		
4		
5		
6	Total Adjustment to Management Services - US Liberty Water	<u>\$ (1,829)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(1,829)</u>
10		
11	<u>Reference</u>	
12	Testimony	
13	Work Papers	
14		
15		
16		
17		
18		
19		
20		

Litchfield Park Service Company - Water Division dba Liberty Utilities

Test Year Ended December 31, 2012

Adjustment to Revenues and Expenses

Adjustment Number 6

Exhibit

Proposed Final Schedule C-2

Page 7

Witness: Bourassa

Interest on Customer Security DepositsLine
No.

1

2

Interest on Customer Deposits

\$

5,931

3

4

5

6

Adjustment to Miscellaneous Expense

\$

5,931

7

8

9

Adjustment to Revenue and/or Expense

5,931

10

11

Reference

12

Staff Adjustment #4

13

Testimony

14

15

16

17

18

19

20

21

22

23

Litchfield Park Service Company - Water Division dba Liberty Utilities

Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Proposed Final Schedule C-2
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Witness: Bourassa

Bad Debt Expense

Line
No.

1		
2	Allocated Bad Debt Expense - Water Division	\$ 21,216
3		
4		
5		
6	Increase in Bad Debt Expense	<u>\$ 21,216</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>21,216</u>
10		
11	<u>Reference</u>	
12	RUCO Adjustment #11	
13		
14		
15		
16		
17		
18		
19		
20		

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 8

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 Proposed Final Schedule C-2
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 Witness: Bourassa

Miscellaneous Expense

Line
No.

1		
2	Miscellaneous Expense Adjustment	\$ (16,108)
3		
4		
5	Adjustment to Miscellaneous Expense	<u>\$ (16,108)</u>
6		
7		
8		
9	Adjustment to Revenue and/or Expense	<u>\$ (16,108)</u>
10		
11	<u>Reference</u>	
12	RUCO Adjustment 15	
13		
14		
15		
16		
17		
18		
19		
20		

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 9

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Amortization of Regulatory Assets

Line No.			
1			
2	Adjusted TCE Plume Balance per B-2	\$	91,069
3	Amortization rate		10.00%
4	Annual Amortization	\$	9,107
5			
6	Test Year Amortization		8,256
7			
8	Adjustment to Regulatory Expense - Other	\$	851
9			
10			
11	Adjustment to Revenue and/or Expense		851
12			
13	<u>Reference</u>		
14	Testimony		
15			
16			
17			
18			
19			
20			

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 10

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Interest Synchronization

Line
No.

1				
2				
3				
4	Fair Value Rate Base	\$	33,103,506	
5	Weighted Cost of Debt		1.02%	
6	Interest Expense	\$	336,216	
7				
8	Test Year Interest Expense	\$	388,078	
9				
10	Increase (decrease) in Interest Expense		(51,862)	
11				
12				
13				
14	Adjustment to Revenue and/or Expense	\$	51,862	
15				
16				
17	<u>Weighted Cost of Debt Computation</u>			
18				
19		<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
20	Debt	15.87%	6.40%	1.02%
21	Equity	84.13%	9.20%	7.74%
22	Total	100.00%		8.76%
23				
24				
25				
26				
27				
28				
29				
30				

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustment to Revenues and/or Expenses
 Adjustment Number 11

Exhibit
 Proposed Final Schedule C-2
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 Witness: Bourassa

Line

No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year income tax Expense

6 Adjustment to Income Tax Expense

7

8

9

10

11

12

13 SUPPORTING SCHEDULE

14 C-3, page 2

15

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30

	Test Year at Present Rates	Test Year at Proposed Rates
\$	1,054,157	\$ 1,589,809
	-	1,054,157
\$	1,054,157	\$ 535,652

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Computation of Gross Revenue Conversion Factor

Exhibit
 Proposed Final Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	38.290%
2		
3	Property Taxes	0.980%
4		
5		
6	Total Tax Percentage	39.270%
7		
8	Operating Income % = 100% - Tax Percentage	60.730%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.6466
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012

Exhibit
Proposed Final Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.2701%					
5	Subtotal (L3 - L4)	60.7299%					
6	Revenue Conversion Factor (L1 / L5)	1.646636					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	38.2900%					
9	One Minus Combined Income Tax Rate (L7 - L8)	61.7100%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	5.5000%					
14	Federal Taxable Income (L12 - L13)	93.5000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	34.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	31.7900%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.2900%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	38.2900%					
20	One Minus Combined Income Tax Rate (L18-L19)	61.7100%					
21	Property Tax Factor	1.5883%					
22	Effective Property Tax Factor (L20*L21)		0.9801%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.2701%			
24	Required Operating Income	\$ 2,898,428					
25	Adjusted Test Year Operating Income (Loss)	\$ 2,035,146					
26	Required Increase in Operating Income (L24 - L25)		\$ 863,282				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 1,589,809					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ 1,054,157					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 535,652				
30	Recommended Revenue Requirement	\$ 12,622,779					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 553,998					
36	Property Tax on Test Year Revenue	\$ 531,421					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 22,577				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 1,421,511				

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Revenue	\$ 11,201,268	\$ 11,201,268	\$ 12,622,779		\$ 12,622,779
40	Operating Expenses Excluding Income Taxes	\$ 8,111,965	\$ 8,111,965	\$ 8,134,543		\$ 8,134,543
41	Synchronized Interest (L47)	\$ 336,216	\$ 336,216	\$ 336,216		\$ 336,216
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 2,753,086	\$ 2,753,086	\$ 4,152,021		\$ 4,152,021
43	Arizona State Effective Income Tax Rate (see work papers)	6.5000%	6.5000%	6.5000%		6.5000%
44	Arizona Income Tax (L42 x L43)	\$ 178,951	\$ 178,951	\$ 269,881		\$ 269,881
45	Federal Taxable Income (L42 - L44)	\$ 2,574,136	\$ 2,574,136	\$ 3,882,140		\$ 3,882,139
46						
47	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500	\$ 7,500	\$ 7,500		\$ 7,500
48	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ 6,250	\$ 6,250	\$ 6,250		\$ 6,250
49	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500	\$ 8,500	\$ 8,500		\$ 8,500
50	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 91,650	\$ 91,650	\$ 91,650		\$ 91,650
51	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 761,306	\$ 761,306	\$ 1,206,028		\$ 1,206,027
52						
53	Total Federal Income Tax	\$ 875,206	\$ 875,206	\$ 1,319,928		\$ 1,319,927
54	Combined Federal and State Income Tax (L35 + L42)	\$ 1,054,157	\$ 1,054,157	\$ 1,589,809		\$ 1,589,809
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]			34.0000%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]				0.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					34.0000%

Calculation of Interest Synchronization:

58	Rate Base	\$ 33,103,506
59	Weighted Average Cost of Debt	1.0157%
60	Synchronized Interest (L59 X L60)	\$ 336,216

Exhibit
Proposed Final Schedule D-1
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Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Summary of Cost of Capital

Consolidated Capital Structure of Water and Wastewater Division

Line No.	Item of Capital	Percent of		
		Total	Cost Rate	Weighted Cost
1	Long-Term Debt	15.87%	6.40%	1.02%
2				
3	Stockholder's Equity	84.13%	9.20%	7.74%
4				
5	Totals	100.00%		8.76%
6				
7				
8				
9				
10				
11				

Exhibit
Proposed Final Schedule H-1
Page 1
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	\$ 11,824	\$ 13,587	\$ 1,763	14.91%	0.11%	0.11%
2	3/4 Inch	Residential	3,047,017	3,303,996	256,979	8.43%	27.20%	26.17%
3	3/4 Inch	Residential - Low Income	7,293	7,439	145	1.99%	0.07%	0.08%
4	1 Inch	Residential	3,360,696	3,828,957	468,261	13.93%	30.00%	30.33%
5	1 Inch	Residential - Low Income	8,528	10,497	1,968	23.08%	0.08%	0.08%
6	1.5 Inch	Residential	44,871	51,734	6,863	15.30%	0.40%	0.41%
7	2 Inch	Residential	4,981	5,815	835	16.76%	0.04%	0.05%
8	4 Inch	Residential	-	-	-	0.00%	0.00%	0.00%
9								
10		Subtotal	6,485,210	7,222,025	736,815	11.36%	57.90%	57.21%
11								
12	5/8x3/4 Inch	Commercial	\$ 245	\$ 318	\$ 73	30.00%	0.00%	0.00%
13	3/4 Inch	Commercial	8,987	10,544	1,557	17.32%	0.08%	0.08%
14	1 Inch	Commercial	28,013	33,136	5,123	18.29%	0.25%	0.26%
15	1.5 Inch	Commercial	118,831	137,507	18,676	15.72%	1.08%	1.09%
16	2 Inch	Commercial	684,406	801,050	116,644	17.04%	6.11%	6.35%
17	4 Inch	Commercial	242,692	277,275	34,582	14.25%	2.17%	2.20%
18	8 Inch	Commercial	10,786	13,432	2,646	24.53%	0.10%	0.11%
19	10 Inch	Commercial	36,262	41,490	5,228	14.42%	0.32%	0.33%
20								
21		Subtotal	1,130,221	1,314,751	184,530	16.33%	10.09%	10.42%
22								
23								
24	5/8x3/4 Inch	Irrigation	\$ 906	\$ 1,056	\$ 150	16.61%	0.01%	0.01%
25	3/4 Inch	Irrigation	58,536	67,423	8,887	15.18%	0.52%	0.53%
26	1 Inch	Irrigation	292,670	337,957	45,287	15.47%	2.61%	2.68%
27	1.5 Inch	Irrigation	342,197	392,060	49,863	14.57%	3.05%	3.11%
28	2 Inch	Irrigation	1,777,002	2,033,354	256,352	14.43%	15.86%	16.11%
29	4 Inch	Irrigation	140,026	161,002	20,976	14.98%	1.25%	1.28%
30								
31		Subtotal	2,611,336	2,992,852	381,515	14.61%	23.31%	23.71%
32								
33	1 Inch	MF	1,558	2,135	577	0.01%	0.01%	0.02%
34	1.5 Inch	MF	47,101	54,451	7,350	0.43%	0.42%	0.43%
35	2 Inch	MF	320,997	373,425	52,428	2.87%	2.87%	2.96%
36	4 Inch	MF	47,487	54,683	7,195	0.42%	0.42%	0.43%
37		Subtotal	417,143	484,683	67,551	16.19%	3.72%	3.84%
38								
39	5/8x3/4 Inch	Fire	28,594	37,120	8,526	29.82%	0.26%	0.29%
40	3/4 Inch	Fire	2,879	3,736	857	29.78%	0.03%	0.03%
41	1 Inch	Fire	275	358	83	30.00%	0.00%	0.00%
42		Hydrant	68,030	77,594	9,565	14.06%	0.61%	0.61%
43		Sweeper	700	798	98	14.06%	0.01%	0.01%
44	8 Inch	Goodyear	128,952	142,421	13,469	10.44%	1.15%	1.13%
45	4 Inch	VJI	3,080	3,978	898	30.00%	0.03%	0.03%
46		Total Revenues Before Annualization	10,876,400	12,280,327	1,403,910	12.90%	97.10%	97.29%
47								

Exhibit
Proposed Final Schedule H-1
Page 2
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Revenue Annualization					Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)
			Present Revenues	Proposed Revenues	Dollar Change					
1	5/8x3/4 Inch	Residential	\$ 49	\$ 56	7		14.59%	3	14	
2	3/4 Inch	Residential	34,533	37,659	3,125		9.05%	1,429	12,169	
3	3/4 Inch	Residential - Low Income	251	258	7		2.93%	13	91	
4	1 Inch	Residential	96,691	110,113	13,422		13.88%	2,257	28,881	
5	1 Inch	Residential - Low Income	2,131	2,602	471		22.11%	74	600	
6	1.5 Inch	Residential	-	-	-		0.00%	-	-	
7	2 Inch	Residential	-	-	-		0.00%	-	-	
8	4 Inch	Residential	-	-	-		0.00%	-	-	
9		Subtotal	\$ 133,655	\$ 150,688	\$ 17,033		12.74%	3,776	41,755	
10	5/8x3/4 Inch	Commercial	-	-	-		0.00%	-	-	
11	3/4 Inch	Commercial	(153)	(176)	(23)		0.00%	(7)	(43)	
12	1 Inch	Commercial	42	50	8		18.94%	1	9	
13	1.5 Inch	Commercial	-	-	-		0.00%	-	-	
14	2 Inch	Commercial	4,680	5,329	649		13.87%	22	1,430	
15	4 Inch	Commercial	-	-	-		0.00%	-	-	
16	8 Inch	Commercial	-	-	-		0.00%	-	-	
17	10 Inch	Commercial	-	-	-		0.00%	-	-	
18		Subtotal	\$ 4,569	\$ 5,203	\$ 34,700		759.41%	16	1,396	
19	5/8x3/4 Inch	Irrigation	-	-	-		0.00%	-	-	
20	3/4 Inch	Irrigation	22	25	3		14.93%	1	8	
21	1 Inch	Irrigation	(1,420)	(1,616)	(196)		0.00%	(17)	(443)	
22	1.5 Inch	Irrigation	(4,253)	(4,832)	(580)		0.00%	(18)	(1,367)	
23	2 Inch	Irrigation	7,873	8,971	1,098		13.94%	18	2,507	
24	4 Inch	Irrigation	6,460	7,374	913		14.14%	5	2,032	
25		Subtotal	\$ 8,682	\$ 9,921	\$ 1,239		14.27%	(11)	2,735	
26	1 Inch	MF	-	-	-		0.00%	-	-	
27	1.5 Inch	MF	-	-	-		0.00%	-	-	
28	2 Inch	MF	(183)	(210)	(27)		0.00%	(1)	(53)	
29	4 Inch	MF	-	-	-		0.00%	-	-	
30		Subtotal	\$ (183)	\$ (210)	\$ (27)		0.00%	(1)	(53)	
31	5/8x3/4 Inch	Fire	237	307	70		29.77%	23	1	
32	3/4 Inch	Fire	82	107	24		29.83%	8	0	
33	1 Inch	Fire	-	-	-		0.00%	-	-	
34	8 Inch	Goodyear	-	-	-		0.00%	-	-	
35	4 Inch	VUI	-	-	-		0.00%	-	-	
36		Total Revenue Annualization	\$ 147,042	\$ 166,016	\$ 53,040		36.07%	3,780	45,832	

DECISION NO.

74437

Exhibit
Proposed Final Schedule H-1
Page 3
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	\$ 10,876,400	\$ 12,280,327	\$ 1,403,927	12.31%	97.10%	97.29%
4	Declining Usage Adjustment	(58,703)	(58,703)	-	0.00%	-0.52%	-0.47%
5	Subtotal Revenue Annualization	147,042	166,016	18,974	12.90%	1.31%	1.32%
6	Total Metered Revenues	\$ 10,964,740	\$ 12,387,640	\$ 1,422,901	12.98%	97.89%	98.14%
7							
8	Misc. Revenues	\$ 235,723	\$ 235,723	(0)	0.00%	2.10%	1.87%
9	Reconciling Amount to GL	805	(584)	(1,389)	-172.55%	0.01%	0.00%
10	Total Water Revenues	\$ 11,201,268	\$ 12,622,779	\$ 1,421,511	12.69%	100.00%	100.00%
11							

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Customer Summary

Exhibit
 Proposed Final Schedule H-2
 Page 1
 Witness: Bourassa

Line No.	Meter Size, Class	Average Number of Customers at 12/31/2012	(a)	Average Bill		Proposed Increase	
				Average Consumption	Present Rates	Proposed Rates	Dollar Amount
1	5/8x3/4 Inch Residential	58	4,277	\$ 15.64	\$ 18.00	2.36	15.10%
2	3/4 Inch Residential	9,320	8,827	24.33	26.87	2.54	10.45%
3	3/4 Inch Residential - Low Income	29	7,138	19.47	20.04	0.57	2.95%
4	1 Inch Residential	5,835	13,707	44.58	50.56	5.98	13.42%
5	1 Inch Residential - Low Income	24	8,161	28.89	35.27	6.38	22.10%
6	1.5 Inch Residential	26	40,907	130.15	147.43	17.29	13.28%
7	2 Inch Residential	2	53,542	183.86	210.49	26.62	14.48%
8	4 Inch Residential	-	-	255.00	331.50	76.50	30.00%
9	Subtotal	15,293					
10							
11	5/8x3/4 Inch Commercial	2	-	\$ 10.20	\$ 13.26	3.06	30.00%
12	3/4 Inch Commercial	31	6,052	21.76	25.06	3.30	15.18%
13	1 Inch Commercial	44	12,065	48.54	56.68	8.13	16.75%
14	1.5 Inch Commercial	54	51,926	163.53	185.51	21.98	13.44%
15	2 Inch Commercial	253	57,587	191.59	218.37	26.78	13.98%
16	4 Inch Commercial	7	926,238	2,859.90	3,261.50	401.60	14.04%
17	8 Inch Commercial	1	30,000	898.80	1,119.30	220.50	24.53%
18	10 Inch Commercial	1	895,000	2,882.45	3,270.15	387.70	13.45%
19	Subtotal	393					
20							
21	5/8x3/4 Inch Irrigation	3	6,528	\$ 22.67	\$ 25.99	3.32	14.65%
22	3/4 Inch Irrigation	119	12,057	36.65	41.37	4.72	12.88%
23	1 Inch Irrigation	232	30,391	95.18	108.06	12.88	13.53%
24	1.5 Inch Irrigation	98	90,421	280.18	318.56	38.38	13.70%
25	2 Inch Irrigation	249	187,244	581.75	662.83	81.09	13.94%
26	4 Inch Irrigation	8	466,516	1,466.94	1,672.70	205.76	14.03%
27	Subtotal	708					
28							
29	1 Inch MF	5	2,717	25.67	35.19	9.52	37.09%
30	1.5 Inch MF	16	71,146	221.77	251.94	30.17	13.60%
31	2 Inch MF	112	64,098	208.62	237.24	28.63	13.72%
32	4 Inch MF	3	393,611	1,246.04	1,420.74	174.70	14.02%
33	Subtotal	136					
34							
35	5/8x3/4 Inch Fire	232	35	\$ 10.27	\$ 13.33	3.06	29.82%
36	3/4 Inch Fire	23	43	10.28	13.34	3.06	29.78%
37	1 Inch Fire	1	-	22.95	29.84	6.89	30.00%
38	Hydrant	13	148,689	\$ 450.53	\$ 513.87	63.34	14.06%
39	8 Inch Goodyear	2	3,248,000	5,373.00	5,934.20	561.20	10.44%
40	4 Inch VUI	1	0	255.00	331.50	76.5	30.00%
41	Total	16,802					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Exhibit
Proposed Final Schedule H-2
Page 2
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Customer Summary

Line No.	Meter Size, Class	(a) Average Number of Customers at 12/31/2012	Median Consumption	Median Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	58	4,000	\$ 15.11	\$ 17.46	2.35	15.55%
2	3/4 Inch Residential	9,320	7,000	20.84	23.31	2.47	11.85%
3	3/4 Inch Residential - Low Income	29	6,000	17.62	18.16	0.54	3.04%
4	1 Inch Residential	5,835	10,000	37.50	43.34	5.84	15.56%
5	1 Inch Residential - Low Income	24	8,000	28.63	34.96	6.33	22.12%
6	1.5 Inch Residential	26	34,000	115.94	132.60	16.66	14.37%
7	2 Inch Residential	2	28,500	136.04	161.66	25.62	18.83%
8	4 Inch Residential	-	-	255.00	331.50	76.50	30.00%
9	Subtotal	15,293	-	-	-	-	-
10	Commercial	2	-	\$ 10.20	\$ 13.26	3.06	30.00%
11	5/8 Inch Commercial	31	2,000	14.02	17.16	3.14	22.40%
12	3/4 Inch Commercial	44	4,000	33.14	40.95	7.81	23.57%
13	1 Inch Commercial	54	24,000	96.84	113.10	16.26	16.79%
14	1.5 Inch Commercial	253	20,000	119.80	145.08	25.28	21.10%
15	2 Inch Commercial	7	507,500	1,591.13	1,814.34	223.22	14.03%
16	4 Inch Commercial	1	30,000	898.80	1,119.30	220.50	24.53%
17	8 Inch Commercial	1	947,000	2,989.61	3,382.09	392.48	13.13%
18	10 Inch Commercial	1	-	-	-	-	-
19	Subtotal	393	-	-	-	-	-
20	Irrigation	3	4,000	\$ 17.84	\$ 21.06	3.22	18.05%
21	5/8 Inch Irrigation	119	5,000	19.75	23.01	3.26	16.51%
22	3/4 Inch Irrigation	232	12,000	48.42	56.55	8.13	16.79%
23	1 Inch Irrigation	98	47,000	148.61	168.49	19.88	13.38%
24	1.5 Inch Irrigation	249	115,186	363.41	413.80	50.39	13.87%
25	2 Inch Irrigation	8	163,000	566.33	649.35	83.02	14.66%
26	4 Inch Irrigation	708	-	-	-	-	-
27	Subtotal	-	-	-	-	-	-
28	MF	5	2,000	24.95	34.65	9.70	38.88%
29	1 Inch MF	16	12,000	73.92	89.70	15.78	21.35%
30	1.5 Inch MF	112	33,000	144.63	170.43	25.80	17.84%
31	2 Inch MF	3	167,000	573.97	657.15	83.18	14.49%
32	4 Inch MF	136	-	-	-	-	-
33	Subtotal	-	-	-	-	-	-
34	Fire	232	-	\$ 10.20	\$ 13.26	3.06	30.00%
35	5/8 Inch Fire	23	-	\$ 10.20	\$ 13.26	3.06	30.00%
36	3/4 Inch Fire	1	-	\$ 22.95	\$ 29.84	6.89	30.00%
37	1 Inch Fire	13	21,000	64	73	8.95	14.06%
38	Hydrant	2	501.00	575.00	74.00	14.77%	14.77%
39	Goodyear	1	0	255.00	331.50	76.5	30.00%
40	VUI	1	-	-	-	-	-
41	Total	16,802	-	-	-	-	-

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Exhibit
Proposed Final Schedule H-3
Page 1
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Present and Proposed Rates

Line No.	Monthly Usage Charge for: Meter Size (All Classes)	Present Rates	Proposed Rates	Change	Percent Change
1	5/8x3/4 Inch	\$ 10.20	\$ 13.26	\$ 3.06	30.00%
2	3/4 Inch - Residential	10.20	13.26	3.06	30.00%
3	3/4 Inch	10.20	13.26	3.06	30.00%
3	1 Inch - Residential	22.95	29.84	6.89	30.00%
4	1 Inch	25.50	33.15	7.65	30.00%
4	1 1/2 Inch	51.00	66.30	15.30	30.00%
5	2 Inch	81.60	106.08	24.48	30.00%
6	3 Inch	163.20	212.16	48.96	30.00%
7	4 Inch	255.00	331.50	76.50	30.00%
8	6 Inch	510.00	663.00	153.00	30.00%
9	8 Inch - Bulk Water Only	501.00	575.00	74.00	14.77%
10	8 Inch	841.50	1,060.80	219.30	26.06%
11	10 Inch	1,173.00	1,524.90	351.90	30.00%
12	12 Inch	2,193.00	2,850.90	657.90	30.00%
13	Construction - Hydrants	\$ -	\$ -	\$ -	\$ -
14					
15					
16					
17					
18					
19					
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43					

(Per 1,000 gallons)

Commodity Rates (Residential, Commercial, Industrial)	Block	Present Rate	Proposed Rate
5/8x3/4 Inch and 3/4 Inch Meter - Residential	0 gallons to 3,000 gallons 3,001 gallons to 9,000 gallons over 9,000 gallons	\$ 1.00 \$ 1.91 \$ 3.03	\$ 1.30 \$ 2.50 \$ 3.95
5/8x3/4 Inch and 3/4 Inch Meter - Residential	0 gallons to 3,000 gallons 3,001 gallons to 10,000 gallons 10,001 gallons to 20,000 gallons over 20,000 gallons	\$ 0.750 \$ 1.950 \$ 2.950 \$ 3.456	\$ 0.975 \$ 2.535 \$ 3.835 \$ 4.493
5/8x3/4 Inch and 3/4 Inch Meter - Com., Irr.	0 gallons to 9,000 gallons over 9,000 gallons	\$ 1.91 \$ 3.03	\$ 2.49 \$ 3.95
1 Inch Meter - Residential, MF	0 gallons to 5,000 gallons 5,001 gallons to 20,000 gallons over 20,000 gallons	\$ 1.00 \$ 1.91 \$ 3.03	\$ 1.30 \$ 2.50 \$ 3.95
1 Inch Meter - Residential, MF	0 gallons to 5,000 gallons 5,001 gallons to 19,000 gallons 19,001 gallons to 30,000 gallons over 30,000 gallons	\$ 0.750 \$ 1.950 \$ 2.950 \$ 3.456	\$ 0.975 \$ 2.535 \$ 3.835 \$ 4.493

NT = No Tariff

Exhibit
Proposed Final Schedule H-3
Page 2
Witness: Bourassa

Litchfield Park Service Company - Water Division dba Liberty Utilities
Test Year Ended December 31, 2012
Present and Proposed Rates

Line No.	Commodity Rates (Residential, Commercial, Industrial)	Block	(Per 1,000 gallons)	
			Present Rate	Proposed Rate
1	1 Inch Meter - All Classes, except Residential	0 gallons to 20,000 gallons	\$ 1.91	\$ 1.950
2		over 20,000 gallons	\$ 3.03	\$ 3.456
3	1.5 Inch Meter - All Classes	0 gallons to 40,000 gallons	\$ 1.91	\$ 1.950
4		over 40,000 gallons	\$ 3.03	\$ 3.456
5	2 Inch Meter - All Classes	0 gallons to 60,000 gallons	\$ 1.91	\$ 1.950
6		over 60,000 gallons	\$ 3.03	\$ 3.456
7	3 Inch Meter - All Classes	0 gallons to 120,000 gallons	\$ 1.91	\$ 1.950
8		over 120,000 gallons	\$ 3.03	\$ 3.456
9	4 Inch Meter - All Classes	0 gallons to 180,000 gallons	\$ 1.91	\$ 1.950
10		over 180,000 gallons	\$ 3.03	\$ 3.456
11	6 Inch Meter - All Classes	0 gallons to 360,000 gallons	\$ 1.91	\$ 1.950
12		over 360,000 gallons	\$ 3.03	\$ 3.456
13	8 Inch Meter - Bulk resale only	All gallons	\$ 1.50	\$ 1.650
14	8 Inch Meter - All Classes	0 gallons to 650,000 gallons	\$ 1.91	\$ 1.950
15		over 650,000 gallons	\$ 3.03	\$ 3.456
16	10 Inch Meter - All Classes	0 gallons to 940,000 gallons	\$ 1.91	\$ 1.950
17		over 940,000 gallons	\$ 3.03	\$ 3.456
18	12 Inch Meter - All Classes	0 gallons to 1,248,000 gallons	\$ 1.91	\$ 1.950
19		over 1,248,000 gallons	\$ 3.03	\$ 3.456
20	Construction - Hydrants	All gallons	\$ 3.03	\$ 3.456
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Litchfield Park Service Company - Water Division dba Liberty Utilities
 Changes in Representative Rate Schedules
 Test Year Ended December 31, 2012

Exhibit
 Proposed Final Schedule H-3
 Page 3
 Witness: Bourassa

Line
 No.

	Present	Proposed
	<u>Rates</u>	<u>Rates</u>
3 <u>Other Service Charges</u>		
4 Establishment (Regular Hours) per Rule R14-2-403D (a)	\$ 20.00	\$ 20.00
5 Establishment (After Hours) per Rule R14-2-403D (a)	\$ 40.00	NT
6 Re-Establishment of Service per Rule R14-2-403D (a)	(b)	(b)
7 Reconnection (Regular Hours) per Rule R14-2-403D (a)	\$ 50.00	\$ 20.00
8 Reconnection (After Hours) per Rule R14-2-403D (a)	\$ 65.00	NT
9 Meter Test (if correct) per Rule R14-2-408F (c)	\$ 25.00	\$ 25.00
10 Meter Reread per Rule R14-2-408C (if correct)	\$ 5.00	\$ 5.00
11 Fire Hydrant Meter Relocation	NT	\$ 50.00
12 Fire Hydrant Meter Repair	NT	Cost
13 NSF Check per Rule R14-2-409F (a)	\$ 20.00	\$ 25.00
14 Deferred Payment, Per Month	1.50%	1.50%
15 Late Charge	(c)	(c)
16 Service Calls - Per Hour/After Hours(d)	\$ 40.00	\$ 40.00
17 Deposit Requirements	(f)	(f)
18 Deposit Interest	3.50%	6.00%
19 Meter and Service lines	see H-3, page 4	
20 Main Extension Tariff	at Cost	at Cost
21		
22		
23		
24 (a) Charges applicable to water service.		
25 (b) Minimum charge times number of full months off the system. per Rule R14-2-403(D).		
26 (c) Greater of \$5.00 or 1.5% of unpaid balance.		
27 (d) After hours service charge is appropriate when it is at the customer's request or convenience. It compensates the utility		
28 for additional expenses incurred for providing after-hours services. It is appropriate to apply this charge for any utility		
29 service provided after hours at the customer's request or for the customer's convenience.		
30 (e) Per ACC Rules R14-2-403(B) <u>Residential</u> - two times the average bill.		
31 <u>Commercial</u> - two and one-half times the average bill.		
32		
33		
34 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
35 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
36 TAX. PER COMMISSION RULE 14-2-409D(5).		
37		
38		

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Meter and Service Line Charges

Exhibit
 Proposed Final Schedule H-3
 Page 4
 Witness: Bourassa

Line

No.

1

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Refundable Meter and Service Line Charges

	Present Service Line Charge	Present Meter Install- ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install- ation Charge	Total Proposed Charge
5/8 x 3/4 Inch	\$ 385.00	\$ 135.00	\$ 520.00	\$ 445.00	\$ 155.00	\$ 600.00
3/4 Inch	385.00	215.00	600.00	445.00	255.00	700.00
1 Inch	435.00	255.00	690.00	495.00	315.00	810.00
1 1/2 Inch	470.00	465.00	935.00	550.00	525.00	1,075.00
2 Inch / Turbine	630.00	965.00	1,595.00	At Cost	At Cost	At Cost
2 Inch / Compound	630.00	1,690.00	2,320.00	At Cost	At Cost	At Cost
3 Inch / Turbine	805.00	1,470.00	2,275.00	At Cost	At Cost	At Cost
3 Inch / Compound	845.00	2,265.00	3,110.00	At Cost	At Cost	At Cost
4 Inch / Turbine	1,170.00	2,350.00	3,520.00	At Cost	At Cost	At Cost
4 Inch / Compound	1,230.00	3,245.00	4,475.00	At Cost	At Cost	At Cost
6 Inch / Turbine	1,730.00	4,545.00	6,275.00	At Cost	At Cost	At Cost
6 Inch / Compound	1,770.00	6,280.00	8,050.00	At Cost	At Cost	At Cost
8 Inch & Larger	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

N/T = No Tariff

Hydrant Meter Deposit*

	Present Charge	Proposed Charge
5/8 x 3/4 Inch	\$ 135.00	\$ 135.00
3/4 Inch	215.00	215.00
1 Inch	255.00	255.00
1 1/2 Inch	465.00	465.00
2 Inch / Turbine	965.00	965.00
2 Inch / Compound	1,690.00	1,690.00
3 Inch / Turbine	1,470.00	1,470.00
3 Inch / Compound	2,265.00	2,265.00
4 Inch / Turbine	2,350.00	2,350.00
4 Inch / Compound	3,245.00	3,245.00
6 Inch / Turbine	4,545.00	4,545.00
6 Inch / Compound	6,280.00	6,280.00
8 Inch & Larger	At Cost	At Cost

* Shall have a non-interest bearing deposit of the amount indicated , refundable in its entirety upon return of the meter in good condition and payment of the final bill.

Litchfield Park Service Company - Water Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Hook-Up Fees

Exhibit
 Proposed Final Schedule H-3
 Page 5
 Witness: Bourassa

Line

No.

1

2

Off-site Facilities Hook-up Fee

3

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NT = No Tariff

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35

36

Present

Proposed

ChargeCharge

\$ 1,800 \$ 1,800

2,700 2,700

4,500 4,500

9,000 9,000

14,400 14,400

28,800 28,800

45,000 45,000

90,000 NT

NT 90,000

NT 144,000

NT 310,500

NT 967,500

WASTEWATER DIVISION SCHEDULES

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Proposed Final Schedule A-1
 Page 1
 Witness: Bourassa

Line
 No.

1	Fair Value Rate Base		\$	24,190,673	
2					
3	Adjusted Operating Income			1,911,197	
4					
5	Current Rate of Return			7.90%	
6					
7	Required Operating Income		\$	2,118,051	
8					
9	Required Rate of Return on Fair Value Rate Base			8.76%	
10					
11	Operating Income Deficiency		\$	206,854	
12					
13	Gross Revenue Conversion Factor			1.6496	
14					
15	Increase in Gross Revenue Requirement		\$	341,225	
16					
17					
18	Adjusted Test Year Revenues		\$	10,362,796	
19	Increase in Gross Revenue Requirement		\$	341,225	
20	Proposed Revenue Requirement		\$	10,704,021	
21	% Increase			3.29%	
22					
23	Customer	Present	Proposed	Dollar	Percent
24	Classification	Rates	Rates	Increase	Increase
25	Residential	\$ 7,214,632	\$ 7,466,283	\$ 251,652	3.49%
26	Residential - Low Income	23,862	24,694	832	3.49%
27	Residential HOA 145	67,843	70,209	2,366	3.49%
28	Residential HOA 172	80,475	83,282	2,807	3.49%
29	Residential HOA 560	262,013	271,152	9,139	3.49%
30	Multi-Unit 3	10,423	10,788	366	3.51%
31	Multi-Unit 5	4,524	4,683	159	3.51%
32	Multi-Unit 6	6,948	7,192	244	3.51%
33	Multi-Unit 7	109,439	113,279	3,840	3.51%
34	Multi-Unit 8	6,948	7,192	244	3.51%
35	Multi-Unit 13	62,102	64,281	2,179	3.51%
36	Multi-Unit 15	267,082	276,455	9,373	3.51%
37	Multi-Unit 16	6,948	7,192	244	3.51%
38	Multi-Unit 17	7,383	7,642	259	3.51%
39	Multi-Unit 22	9,554	9,889	335	3.51%
40	Multi-Unit 43	18,674	19,329	655	3.51%
41	Multi-Unit 78	33,874	35,063	1,189	3.51%
42	Multi-Unit 84	36,480	37,760	1,280	3.51%
43	Multi-Unit 123	106,833	110,582	3,749	3.51%
44	Multi-Unit 282	122,467	126,765	4,298	3.51%
45	Small Commercial	75,094	77,725	2,631	3.50%
46	Regular Domestic	438,612	453,960	15,348	3.50%
47	Restaurant, Motels, Grocery, Dry Cleaning	375,664	388,810	13,147	3.50%
48	Wigwam Resort - Per Room	143,312	148,342	5,029	3.51%
49	Wigwam Resort - Main	17,200	17,802	602	3.50%
50	Elementary Schools	70,174	72,630	2,456	3.50%
51	Middle and High Schools	55,039	56,965	1,926	3.50%
52	Community College	21,327	22,074	747	3.50%
53	Effluent Sales	72,967	72,967	-	0.00%
54	Revenue Annualization	126,683	131,217	4,534	3.58%
55					
56	Subtotal	\$ 9,854,576	\$ 10,196,206	\$ 341,629	3.47%
57					
58	Other Water Revenues	508,220	508,220	-	0.00%
59	Reconciling Amount	-	(404)	(404)	0.00%
60	Rounding			-	0.00%
61	Total of Water Revenues	\$ 10,362,796	\$ 10,704,022	\$ 341,225	3.29%

SUPPORTING SCHEDULES:

B-1
 C-1
 C-3
 H-1

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities

Test Year Ended December 31, 2012

Summary of Rate Base

Exhibit

Proposed Final Schedule B-1

Page 1

Witness: Bourassa

<u>Line No.</u>		<u>Original Cost Rate base</u>	<u>Fair Value Rate Base</u>
1			
2	Gross Utility Plant in Service	\$ 74,460,070	\$ 74,460,070
3	Less: Accumulated Depreciation	13,548,214	13,548,214
4			
5	Net Utility Plant in Service	\$ 60,911,856	\$ 60,911,856
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	11,645,290	11,645,290
9			
10	Contributions in Aid of Construction	28,376,915	28,376,915
11			
12	Accumulated Amortization of CIAC	(4,153,301)	(4,153,301)
13			
14	Customer Meter Deposits	81,661	81,661
15	Customer Security Deposits	163,774	163,774
16	Accumulated Deferred Income Tax	606,843	606,843
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Tax Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	<u>\$ 24,190,673</u>	<u>\$ 24,190,673</u>
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Proposed Final Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustment	Rejoinder Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 74,024,532	435,538	\$ 74,460,070
3				
4	Less:			
5	Accumulated			
6	Depreciation	13,244,186	304,027	13,548,214
7				
8				
9	Net Utility Plant			
10	in Service	\$ 60,780,346		\$ 60,911,856
11				
12	Less:			
13	Advances in Aid of			
14	Construction	11,645,290	-	11,645,290
15				
16	Contributions in Aid of			
17	Construction - Gross	28,470,485	(93,570)	28,376,915
18				
19	Accumulated Amortization of CIAC	(4,446,775)	293,475	(4,153,301)
20				
21	Customer Meter Deposits	95,892	(14,231)	81,661
22	Customer Security Deposits	155,440	8,334	163,774
23	Accumulated Deferred Income Tax	982,318	(375,475)	606,843
24				
25				
26				
27	Plus:			
28	Unamortized Finance			
29	Charges	-		-
30	Prepayments	-		-
31	Materials and Supplies	-		-
32	Working capital	-		-
33				
34				
35	Total	\$ 23,877,697		\$ 24,190,673
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES:</u>
47	B-2, pages 2			B-1
48	E-1			
49				
50				
51				

Exhibit
Proposed Final Schedule B-2
Page 2
Witness: Bourassa

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Line No.	Description	Adjusted at End of Test Year	Proforma Adjustments				Rejoinder Adjusted at end of Test Year
			1	2	3	4	
			Plant-in-Service	Accumulated Depreciation	CIAC	ADIT	
1	Gross Utility	\$ 74,024,532	435,538				\$ 74,460,070
2	Plant In Service						
3	Less:						
4	Accumulated Depreciation	13,244,186		304,027			13,548,214
5							
6							
7							
8							
9	Net Utility Plant In Service	\$ 60,780,346	435,538	(304,027)	\$ -	\$ -	\$ 60,911,856
10	Less:						
11	Advances in Aid of Construction	11,845,290					11,845,290
12							
13	Contributions in Aid of Construction (CIAC)	28,470,485			(93,570)		28,376,915
14							
15							
16							
17							
18							
19	Accumulated Amort of CIAC	(4,446,775)			293,475		(4,153,301)
20							
21	Customer Meter Deposits	95,892				(14,231)	81,661
22	Customer Security Deposits	155,440					163,774
23	Accumulated Deferred Income Taxes	982,318				8,334	606,843
24						(375,475)	
25							
26	Plus:						
27	Unamortized Finance Charges						
28							
29	Prepayments						
30	Materials and Supplies						
31	Allowance for Cash Working Capital						
32							
33	Total	\$ 23,877,697	435,538	(304,027)	(199,905)	375,475	\$ 24,190,673
34							
35							
36							
37							
38							
39							
40							
41							

RECAP SCHEDULES:
B-1

SUPPORTING SCHEDULES:
B-2, pages 3-8
E-1

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1

Exhibit
 Proposed Final Schedule B-2
 Page 3
 Witness: Bourassa

Plant-in-Service												
Line No.	Accd. No.	Description	Adjusted Original Cost	A Post Test Year Plant	B Post Test Year Retirements	C Accrual True-Up	D Plant Reclassification	E Plant Not Used and Useful	F Duplicate Invoices	G Retirements and Reclassification	H Adjustments to Reconcile Plant to Reconstruction	I Rejoinder Adjusted Original Cost
1												
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3												
4												
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51												

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - A

Exhibit
 Proposed Final Schedule B-2
 Page 3.1
 Witness: Bourassa

Line
 No.

1	<u>Post Test Year Plant True-up</u>			
2				
3				
4	Acct.			
5	<u>No.</u>	<u>Description</u>		<u>Adjustment</u>
6	380	Treatment & Disposal Equipment	remove amount proposed in Direct	\$ (1,000,000)
7				
8	354	Structures & Improvements	True-up to Final Costs	\$ 1,081,134
9	371	Pumping Equipment	True-up to Final Costs	21,588
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
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28				
29				
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31				
32				
33				
34				
35				
36				
37				
38				
39				
40	Net Adjustment			<u>\$ 102,722</u>
41				
42				
43	<u>SUPPORTING SCHEDULE</u>			
44	Testimony			
45	Work papers			

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - B

Exhibit
 Proposed Final Schedule B-2
 Page 3.2
 Witness: Bourassa

Line

No.1 Post Test Year Plant Retirements

2

3

4

Acct.

5

No.DescriptionAdjustment

6

380

Treatment & Disposal Equipment remove amount proposed in Direct

\$ 300,000

7

8

380

Treatment & Disposal Equipment true-up to actual cost

-

9

10

354

Structures & Improvements

(28,089)

11

12

371

Pumping Equipment

(10,368)

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

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36

37

38

39

40

41

Net Adjustment

\$ 261,543

42

43

SUPPORTING SCHEDULE

44

Testimony

45

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Proposed Final Schedule B-2
Page 3.3
Witness: Bourassa

Line

No.1 Accrual True-up

2

3

4 Acct.

5 No. Description

6 354 Structures & Improvements

7 396 Communication Equip

8

9

10

11

12

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23

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Net Adjustment

\$ 195,445

41

42

43 SUPPORTING SCHEDULE

44 Staff Adjustment #3

45

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Proposed Final Schedule B-2
 Page 3.4
 Witness: Bourassa

Line

No.1 Plant Reclassification

2

3

4 Acct.

5 No. DescriptionCost

6 354 Structures & Improvements

\$ (525,110)

7 361 Collection Sewers Gravity

41,564

8 364 Flow Measuring Devices

36,618

9 371 Pumping Equipment

61,670

10 380 Treatment & Disposal Equipment

476,749

11 389 Other Sewer Plant & Equipment

(43,005)

12 393 Tools, Shop And Garage Equip

(15,681)

13 394 Laboratory Equip

836

14 395 Power Operated Equipment

(21,485)

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

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32

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36

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38

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40 Net Adjustment

\$ 12,156

41

42

43 SUPPORTING SCHEDULE

44 Staff Table 6 - Reclassification

45 Testimony

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - E

Exhibit
 Proposed Final Schedule B-2
 Page 3.5
 Witness: Bourassa

Line
No.

1 Plant Not Used and Useful

2

3

4 Acct.

5 No. Description

6 353 Land

7 354 Structures & Improvements

8

9

10

11

12

13

14

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23

24

25

26

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39

40 Net Adjustment

41

42

43 SUPPORTING SCHEDULE

44 Staff Adjustment #6

45

Cost
 \$ (11,217)
 (113,329)

\$ (124,546)

74437

DECISION NO. _____

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - F

Exhibit
 Proposed Final Schedule B-2
 Page 3.6
 Witness: Bourassa

Line

No.1 Duplicate Invoices

2

3

4 Acct.

5 No. Description

6 353 Land

7 355 Power Generation

8 389 Other Sewer Plant & Equipment

9

10

11

12

13

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15

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40 Net Adjustment

41

42

43 SUPPORTING SCHEDULE

44 Staff Adjustment #7

45

Cost

\$ (3,409)

(400)

(864)

 \$ (4,673)

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - G

Exhibit
 Proposed Final Schedule B-2
 Page 3.7
 Witness: Bourassa

Line

No.Retirements

1

2

3

4

5

6

7

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Acct.

No. DescriptionYearAdjustment

391 Transportation Equipment

2008

\$ (7,110)

\$ (7,110)Reclassifications

Acct.

No. DescriptionYearYearReflected on B-2 Plant¹Adjustment

391 Transportation Equipment

2008

see below

\$ (6,193)

389 Other Sewer Plant & Equipment

2008

2008

6,193

\$ -

Total Adjustment

\$ (7,110)SUPPORTING SCHEDULE

Work papers - Supplemental Response to RUCO 6.01

¹ Post last test year end date

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - H

Exhibit
 Proposed Final Schedule B-2
 Page 3.8
 Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Original Cost	B-2 Adjustments	Rejoinder Adjusted Original Cost	Rejoinder Plant Per Reconstruction	Difference
1		Reconciliation of Plant to Plant Reconstruction					
2							
3							
4							
5	351	Organization	\$ -	\$ -	\$ -	\$ -	\$ -
6	352	Franchise	-	-	-	-	-
7	353	Land	1,850,582	(14,626)	1,835,956	1,835,956	0
8	354	Structures & Improvements	24,208,314	613,606	24,821,920	24,821,920	-
9	355	Power Generation	603,332	(400)	602,932	602,932	0
10	360	Collection Sewer Forced	1,162,597	-	1,162,597	1,162,597	-
11	361	Collection Sewers Gravity	31,886,680	41,564	31,928,245	31,928,245	-
12	362	Special Collecting Structures	-	-	-	-	-
13	363	Customer Services	76,190	-	76,190	76,190	-
14	364	Flow Measuring Devices	46,210	36,618	82,828	82,828	-
15	366	Reuse Services	4,057,660	-	4,057,660	4,057,660	-
16	367	Reuse Meters And Installation	44,753	-	44,753	44,753	-
17	370	Receiving Wells	860,393	-	860,393	860,393	-
18	371	Pumping Equipment	799,481	72,890	872,370	872,370	-
19	374	Reuse Distribution Reservoirs	62,286	-	62,286	62,286	-
20	375	Reuse Trans. and Dist. System	420,334	-	420,334	420,334	-
21	380	Treatment & Disposal Equipment	5,585,470	(223,251)	5,362,219	5,362,219	-
22	381	Plant Sewers	47,802	-	47,802	47,802	-
23	382	Outfall Sewer Lines	343,681	-	343,681	343,681	-
24	389	Other Sewer Plant & Equipment	871,498	(37,675)	833,823	833,823	-
25	390	Office Furniture & Equipment	275,740	-	275,740	275,740	-
26	390.1	Computers and Software	-	-	-	-	-
27	391	Transportation Equipment	33,497	(13,303)	20,194	20,194	-
28	392	Stores Equipment	8,968	-	8,968	8,968	-
29	393	Tools, Shop And Garage Equip	145,631	(15,681)	129,950	129,950	-
30	394	Laboratory Equip	186,348	836	187,184	187,184	-
31	395	Power Operated Equipment	28,090	(21,485)	6,605	6,605	-
32	396	Communication Equip	418,996	(3,555)	415,441	415,441	-
33	398	Other Tangible Plant	-	-	-	-	-
34							
35							
36							
37							
38							
39							
40		Plant Held for Future Use					-
41		TOTALS	\$ 74,024,532	\$ 435,537	\$ 74,460,069	\$ 74,460,070	\$ 0
42							
43							
44		SUPPORTING SCHEDULE					
45		B-2, pages 3.1 through 3.7					
46		B-2, pages 3.9 through 3.13					

Litchfield Park Service Company - WW Division
dba Liberty Utilities
Plant Additions and Retirements

Exhibit
Proposed Final Schedule B-2
Page 3.9
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Per Decision					2008					Accum. Deprec.
				Plant at 9/30/2008	Deprec. At 9/30/2008	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	1,783,426	-	-	-	-	-	-	-	-	1,783,426	-
4	354	Structures & Improvements	3.33%	18,720,541	1,470,581	(233,660)	(20,663)	(254,342)	-	-	-	154,790	18,466,199	1,625,370
5	355	Power Generation	5.00%	548,674	107,121	-	-	-	-	-	-	6,858	548,674	113,980
6	360	Collection Sewer Force	2.00%	1,161,105	(207,785)	-	-	-	-	-	-	5,806	1,161,105	(201,979)
7	361	Collection Sewers Gravity	2.00%	23,094,661	2,850,025	681,674	(7,514)	674,161	-	-	-	117,159	23,768,822	2,967,184
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	47,019	19,320	-	-	-	-	-	-	1,175	47,019	20,495
11	366	Reuse Services	2.00%	3,789,468	482,984	180,400	(59)	180,341	-	-	-	19,348	3,949,808	502,332
12	367	Reuse Meters And Installation	8.33%	52,331	7,610	1,535	-	1,535	-	-	-	1,106	53,866	8,716
13	370	Receiving Wells	3.33%	860,393	175,322	-	-	-	-	-	-	7,163	860,393	182,484
14	371	Pumping Equipment	12.50%	1,759,801	959,964	7,696	-	7,696	-	-	-	55,114	1,767,496	1,015,078
15	374	Reuse Distribution Reservoirs	2.50%	62,825	1,959	-	-	-	-	-	-	393	62,825	2,352
16	375	Reuse Trans. and Dist. System	2.50%	414,315	3,864	-	-	-	-	-	-	2,589	414,315	6,474
17	380	Treatment & Disposal Equipment	5.00%	5,431,228	1,365,496	(36,423)	-	(36,423)	-	-	-	67,663	5,394,805	1,433,159
18	381	Plant Sewers	5.00%	47,788	6,531	-	-	-	-	-	-	597	47,788	7,128
19	382	Outfall Sewer Lines	3.33%	343,681	70,253	-	-	-	-	-	-	2,861	343,681	73,114
20	389	Other Sewer Plant & Equipment	6.67%	605,548	41,241	(11,446)	6,193	(5,253)	-	-	-	10,054	600,295	51,294
21	390	Office Furniture & Equipment	6.67%	198,772	58,516	12,496	-	12,496	-	-	-	3,419	211,268	61,935
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	26,078	10,505	3,368	(6,193)	(2,825)	7,110	7,110	-	1,056	16,143	4,450
24	392	Stores Equipment	4.00%	8,968	2,156	-	-	-	-	-	-	90	8,968	2,246
25	393	Tools, Shop And Garage Equip	5.00%	56,167	8,241	4,879	-	4,879	-	-	-	733	61,046	8,973
26	394	Laboratory Equip	10.00%	173,948	60,590	-	-	-	-	-	-	4,349	173,948	64,939
26	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-
26	396	Communication Equip	10.00%	418,996	195,163	-	-	-	-	-	-	10,475	418,996	205,638
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-
29				-	-	-	-	-	-	-	-	-	-	-
30				-	-	-	-	-	-	-	-	-	-	-
31				-	-	-	-	-	-	-	-	-	-	-
32				-	-	-	-	-	-	-	-	-	-	-
33				-	-	-	-	-	-	-	-	-	-	-
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		59,605,733	7,689,676	590,500	(28,236)	562,264	7,110	7,110	-	472,796	60,160,887	8,155,362

Exhibit
Proposed Final Schedule B-2
Page 3.10
Witness: Bourassa

Litchfield Park Service Company - WW Division
dba Liberty Utilities
Plant Additions and Retirements

NARUC		2009										
Line No.	Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	68,263	(11,217)	-	57,046	-	-	-	1,940,472	-
4	354	Structures & Improvements	3.33%	643,865	(6,430)	(465,350)	172,085	-	-	617,790	18,638,284	2,243,180
5	355	Power Generation	5.00%	7,457	(400)	-	7,058	-	-	27,610	555,731	141,590
6	360	Collection Sewer Forced	2.00%	1,200	-	-	1,200	-	-	23,234	1,162,305	(178,745)
7	361	Collection Sewers Gravity	2.00%	3,132,384	(18,762)	41,564	3,155,186	-	-	506,928	26,924,008	3,474,112
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	-	-	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	-	-	36,618	36,618	-	-	6,533	83,637	27,028
11	366	Reuse Services	2.00%	107,733	-	-	107,733	-	-	80,073	4,057,541	582,405
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	4,487	53,866	13,203
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	28,651	860,393	211,136
14	371	Pumping Equipment	12.50%	59,896	-	5,048	64,944	-	-	224,968	1,832,441	1,240,074
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	1,571	62,825	3,922
16	375	Reuses Trans. and Dist. System	2.50%	-	-	-	-	-	-	10,358	414,315	16,832
17	380	Treatment & Disposal Equipment	5.00%	38,942	-	424,288	463,230	-	-	281,321	5,858,034	1,714,480
18	381	Plant Sewers	5.00%	-	-	-	-	-	-	2,389	47,788	9,518
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	11,445	343,681	84,558
20	389	Other Sewer Plant & Equipment	6.67%	78,761	(48,005)	-	35,756	-	-	41,232	636,051	92,526
21	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	14,092	211,268	76,026
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	-	3,229	16,143	7,679
24	392	Stores Equipment	4.00%	-	-	-	-	-	-	359	8,968	2,605
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	3,052	61,046	12,026
26	394	Laboratory Equip	10.00%	-	-	836	836	-	-	17,437	174,785	82,375
26	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
26	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-	-
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	41,900	418,996	247,538
29				-	-	-	-	-	-	-	-	-
30				-	-	-	-	-	-	-	-	-
31				-	-	-	-	-	-	-	-	-
32				-	-	-	-	-	-	-	-	-
33				-	-	-	-	-	-	-	-	-
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-
35		TOTALS		4,138,501	(36,809)	0	4,101,693	-	-	1,948,686	64,262,579	10,104,048

Litchfield Park Service Company - WW Division
 dba Liberty Utilities
 Plant Additions and Retirements

Exhibit
 Proposed Final Schedule B-2
 Page 3.11
 Witness: Bourassa

NARUC			Allowed Deprec. Rate	2010						Accum. Deprec.	
Line No.	Account No.	Description		Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Salvage A/D Only	Depreciation (Calculated)		Plant Balance
1	351	Organization	0.00%	-	-	-	-	-	-	-	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-
3	353	Land	0.00%	1,613	(3,409)	(1,796)	-	-	-	1,838,676	-
4	354	Structures & Improvements	3.33%	-	-	-	-	-	620,655	18,638,284	2,863,815
5	355	Power Generation	5.00%	800	-	800	-	-	27,807	556,531	169,397
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	23,246	1,162,305	(155,489)
7	361	Collection Sewers Gravity	2.00%	1,324,126	(7,422)	1,316,704	-	-	551,647	28,240,712	4,025,759
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	156	15,630	156
9	363	Customer Services	2.00%	15,630	-	15,630	-	-	8,364	83,637	35,392
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	81,151	4,057,541	663,556
11	366	Reuse Services	2.00%	-	-	-	-	-	4,487	53,866	17,690
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	28,651	860,393	239,787
13	370	Receiving Wells	3.33%	-	-	-	935,300	-	172,692	933,824	477,666
14	371	Pumping Equipment	12.50%	36,683	-	36,683	-	-	1,571	62,825	5,493
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	10,358	414,315	27,189
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	293,765	5,893,380	2,008,265
17	380	Treatment & Disposal Equipment	5.00%	35,345	-	35,345	-	-	2,389	47,788	11,907
18	381	Plant Sewers	5.00%	-	-	-	-	-	11,445	343,681	96,003
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	43,515	668,735	136,041
20	389	Other Sewer Plant & Equipment	6.67%	33,548	(864)	32,684	-	-	14,451	222,046	90,477
21	390	Office Furniture & Equipment	6.67%	10,777	-	10,777	-	-	-	-	-
22	390.1	Computers and Software	20.00%	-	-	-	-	-	3,229	16,143	10,908
23	391	Transportation Equipment	20.00%	-	-	-	-	-	359	8,968	2,964
24	392	Stores Equipment	4.00%	-	-	-	-	-	3,126	63,982	15,151
25	393	Tools, Shop And Garage Equip	5.00%	2,936	-	2,936	-	-	17,478	174,785	99,854
26	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-
26	395	Power Operated Equipment	5.00%	-	-	-	-	-	41,900	418,986	289,438
28	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-
29				-	-	-	-	-	-	-	-
30				-	-	-	-	-	-	-	-
31				-	-	-	-	-	-	-	-
32				-	-	-	-	-	-	-	-
33				-	-	-	-	-	-	-	-
34		Plant Held for Future Use		-	-	-	-	-	-	-	-
35		TOTALS		1,461,458	(11,694)	1,449,764	935,300	-	1,962,660	64,777,043	11,131,408

Litchfield Park Service Company - WW Division
dba Liberty Utilities
Plant Additions and Retirements

Exhibit
Proposed Final Schedule B-2
Page 3.12
Witness: Bourassa

NARUC			Allowed Deprec. Rate	2011						Accum. Deprec.	
Line No.	Account No.	Description		Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Salvage A/D Only	Depreciation (Calculated)		Plant Balance
1	351	Organization	0.00%	-	-	-	-	-	-	-	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-
3	353	Land	0.00%	-	-	-	-	-	-	1,838,676	-
4	354	Structures & Improvements	3.33%	455,088	(126,691)	328,396	-	-	626,123	18,966,680	3,489,938
5	355	Power Generation	5.00%	48,087	-	48,087	-	-	29,029	604,618	196,425
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	23,246	1,162,305	(132,253)
7	361	Collection Sewers Gravity	2.00%	3,563,023	(2,268)	3,560,755	-	-	600,422	31,801,467	4,626,181
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	35,240	-	35,240	-	-	665	50,870	821
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	8,364	83,637	43,756
11	366	Reuse Services	2.00%	-	-	-	-	-	81,151	4,057,541	744,707
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	4,487	53,866	22,177
13	370	Receiving Wells	3.33%	-	-	-	-	-	28,651	860,393	268,438
14	371	Pumping Equipment	12.50%	44,147	(782)	49,364	4,702	-	119,519	978,486	592,483
15	374	Reuse Distribution Reservoirs	2.50%	-	-	6,000	-	-	1,571	62,825	7,063
16	375	Reuse Trans. and Dist. System	2.50%	5,005	-	5,005	-	-	10,420	419,320	37,610
17	380	Treatment & Disposal Equipment	5.00%	69,624	(1,025)	74,756	-	-	296,538	5,968,136	2,304,803
18	381	Plant Sewers	5.00%	-	-	-	-	-	2,389	47,788	14,296
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	11,445	343,681	107,448
20	389	Other Sewer Plant & Equipment	6.67%	36,091	-	36,091	-	-	45,808	704,826	181,849
21	390	Office Furniture & Equipment	6.67%	9,304	-	9,304	-	-	15,121	231,350	105,598
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	3,229	16,143	14,136
24	392	Stores Equipment	4.00%	-	-	-	-	-	359	8,968	3,322
25	393	Tools, Shop And Garage Equip	5.00%	29,211	(485)	28,726	-	-	3,917	92,709	19,069
26	394	Laboratory Equip	10.00%	5,476	(187)	5,289	-	-	17,743	180,073	117,597
26	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-
26	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	41,900	418,996	331,337
29				-	-	-	-	-	-	-	-
30				-	-	-	-	-	-	-	-
31				-	-	-	-	-	-	-	-
32				-	-	-	-	-	-	-	-
33				-	-	-	-	-	-	-	-
34		Plant Held for Future Use		-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-
36		TOTALS		4,300,296	(131,438)	4,168,858	4,702	-	1,972,095	68,953,355	13,098,801

Exhibit
Proposed Final Schedule B-2
Page 3.13
Witness: Bourassa

Litchfield Park Service Company - WW Division
dba Liberty Utilities
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2012										Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Salvage A/D Only	Depreciation (Calculated)	PTY Plant	PTY Retirement	PTY A/D	Plant Balance	
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	(2,541)	(179)	(2,720)	-	-	-	-	-	-	1,835,956	-
4	354	Structures & Improvements	3.33%	5,164,896	182,339	5,287,274	485,079	6,478	711,547	1,081,134	28,089	18,001	24,821,920	3,712,796
5	355	Power Generation	5.00%	4,804	-	4,804	6,291	-	30,189	-	-	-	602,932	222,323
6	360	Collection Sewer Forced	2.00%	292	-	292	-	-	23,249	-	-	-	1,162,597	(108,004)
7	361	Collection Sewers Gravity	2.00%	165,891	(1,400)	164,491	37,713	407	637,297	-	-	-	31,928,245	5,226,172
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	25,356	(37)	25,320	-	-	1,271	-	-	-	76,190	2,082
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	8,323	-	-	-	82,828	51,269
11	366	Reuse Services	2.00%	118	-	118	-	23	81,152	-	-	-	4,057,660	825,882
12	367	Reuse Meters And Installation	8.33%	(4,774)	-	(4,774)	4,339	-	4,107	-	-	-	44,753	21,945
13	370	Receiving Wells	3.33%	-	-	-	-	-	28,651	-	-	-	860,393	297,069
14	371	Pumping Equipment	12.50%	257,054	(796)	306,880	393,199	-	114,977	21,588	10,368	1,349	872,370	274,226
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	1,564	-	-	-	62,286	8,088
16	375	Reuse Trans. and Dist. System	2.50%	1,013	-	1,013	-	803	10,486	-	-	-	420,334	48,908
17	380	Treatment & Disposal Equipment	5.00%	8,503	(66)	54,742	660,659	-	283,259	-	-	-	5,362,219	1,927,403
18	381	Plant Sewers	5.00%	14	-	14	-	-	2,380	-	-	-	47,802	16,686
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	11,445	-	-	-	343,681	118,892
20	389	Other Sewer Plant & Equipment	6.67%	136,494	-	136,494	7,497	-	51,314	-	-	-	833,823	225,666
21	390	Office Furniture & Equipment	6.67%	44,390	-	44,390	-	-	16,911	-	-	-	275,740	122,510
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	4,051	-	4,051	-	-	3,634	-	-	-	20,194	17,770
24	392	Stores Equipment	4.00%	-	-	-	-	-	359	-	-	-	8,968	3,681
25	393	Tools, Shop And Garage Equip	5.00%	53,206	(284)	37,241	-	-	5,566	-	-	-	129,950	24,635
26	394	Laboratory Equip	10.00%	7,144	(34)	7,111	-	-	18,363	-	-	-	187,184	135,959
26	395	Power Operated Equipment	5.00%	28,090	(21,485)	6,605	-	-	165	-	-	-	6,605	165
26	396	Communication Equip	10.00%	-	(3,555)	(3,555)	-	-	41,722	-	-	-	415,441	373,059
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-
29				-	-	-	-	-	-	-	-	-	-	-
30				-	-	-	-	-	-	-	-	-	-	-
31				-	-	-	-	-	-	-	-	-	-	-
32				-	-	-	-	-	-	-	-	-	-	-
33				-	-	-	-	-	-	-	-	-	-	-
34				-	-	-	-	-	-	-	-	-	-	-
35		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-	-
35		TOTALS		5,893,603	175,989	6,069,592	1,596,125	7,711	2,087,950	1,102,722	39,457	19,350	74,460,070	13,548,214

Exhibit
Proposed Final Schedule B-2
Page 4
Witness: Bourassa

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Accumulated Depreciation													
Line No.	Acct. No.	Description	Adjusted Accum. Depr.	A Post Retirement	B Accrual True-Up	C Plant Reclassification	D Plant Not Used and Useful	Adjustments		F Plant Additions Wrong Yrs	G Retirements and Reclassification	H Adjustments to Reconcile A/D to Reconstitution	Rejoinder Adjusted Accum. Depr.
								E Duplicate Invoices	E Duplicate Invoices				
1	351	Organization	-	-	-	-	-	-	-	-	-	-	-
2	352	Franchise	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	-	-	-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	3,773,984	(10,088)	3,313	(55,232)	(5,661)	(70)	6,478	-	-	0	3,712,786
5	355	Power Generation	222,393	-	-	-	-	-	-	-	-	-	222,323
6	356	Collection Sewer Forced	(109,004)	-	-	-	-	-	-	-	-	-	(109,004)
7	357	Collection Sewers Gravity	5,222,855	-	-	2,910	-	-	407	-	-	-	5,226,172
8	358	Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-
9	359	Customer Services	2,092	-	-	-	-	-	-	-	-	-	2,092
10	360	Flow Measuring Devices	38,453	-	-	12,816	-	-	-	-	-	-	51,269
11	361	Reuse Services	825,869	-	-	-	-	-	23	-	-	-	825,882
12	362	Reuse Meters And Installation	21,945	-	-	-	-	-	-	-	-	-	21,945
13	363	Receiving Wells	297,089	-	-	-	-	-	-	-	-	-	297,089
14	364	Pumping Equipment	276,747	(9,019)	-	6,497	-	-	-	-	-	-	274,226
15	365	Reuse Distribution Reservoirs	8,088	-	-	-	-	-	-	-	-	-	8,088
16	366	Reuse Trans. and Dist. System	48,106	-	-	-	-	-	803	-	-	-	48,908
17	367	Treatment & Disposal Equipment	1,551,533	300,000	-	75,870	-	-	-	-	-	-	1,927,403
18	368	Plant Sewers	16,686	-	-	-	-	-	-	-	-	-	16,686
19	369	Outfall Sewer Lines	118,892	-	-	-	-	(144)	-	-	-	-	118,892
20	370	Other Sewer Plant & Equipment	234,145	-	-	(10,039)	-	-	-	-	1,704	-	225,666
21	371	Office Furniture & Equipment	122,510	-	-	-	-	-	-	-	-	-	122,510
22	372	Computers and Software	-	-	-	-	-	-	-	-	-	-	-
23	373	Transportation Equipment	33,497	-	-	-	-	-	-	-	(12,219)	(3,508)	17,770
24	374	Stores Equipment	3,681	-	-	-	-	-	-	-	-	-	3,681
25	375	Tools, Shop And Garage Equip	25,027	-	-	(392)	-	-	-	-	-	-	24,635
26	376	Laboratory Equip	135,667	-	-	293	-	-	-	-	-	-	135,959
27	377	Power Operated Equipment	702	-	-	(537)	-	-	-	-	-	-	165
28	378	Communication Equip	373,237	-	(178)	-	-	-	-	-	-	-	373,059
29	379	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-
30	380	-	-	-	-	-	-	-	-	-	-	-	-
31	381	-	-	-	-	-	-	-	-	-	-	-	-
32	382	-	-	-	-	-	-	-	-	-	-	-	-
33	383	-	-	-	-	-	-	-	-	-	-	-	-
34	384	-	-	-	-	-	-	-	-	-	-	-	-
35	385	-	-	-	-	-	-	-	-	-	-	-	-
36	386	-	-	-	-	-	-	-	-	-	-	-	-
37	387	-	-	-	-	-	-	-	-	-	-	-	-
38	388	-	-	-	-	-	-	-	-	-	-	-	-
39	389	-	-	-	-	-	-	-	-	-	-	-	-
40	390	-	-	-	-	-	-	-	-	-	-	-	-
41	391	-	-	-	-	-	-	-	-	-	-	-	-
42	392	-	-	-	-	-	-	-	-	-	-	-	-
43	393	-	-	-	-	-	-	-	-	-	-	-	-
44	394	-	-	-	-	-	-	-	-	-	-	-	-
45	395	-	-	-	-	-	-	-	-	-	-	-	-
46	396	-	-	-	-	-	-	-	-	-	-	-	-
47	397	-	-	-	-	-	-	-	-	-	-	-	-
48	398	-	-	-	-	-	-	-	-	-	-	-	-
49	399	-	-	-	-	-	-	-	-	-	-	-	-
50	400	-	-	-	-	-	-	-	-	-	-	-	-
51	401	-	-	-	-	-	-	-	-	-	-	-	-
Plant Held for Future Use													
TOTALS													
41			\$ 13,244,186	\$ 280,893	\$ 3,136	\$ 32,185	\$ (5,661)	\$ (214)	\$ 7,711	\$ (10,515)	\$ (3,508)	\$ 13,548,214	
42													
43		Adjusted Accumulated Depreciation											
44		Increase (decrease) in Accumulated Depreciation											
45		Adjustment to Accumulated Depreciation											
46													
47													
48													
49													
50		SUPPORTING SCHEDULES											
51		B-2, pages 4.1 through 4.8											
			\$ 13,244,186									\$ 13,244,186	
			\$									\$ 304,027	
			\$									\$ 304,027	

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - A

Exhibit
 Proposed Final Schedule B-2
 Page 4.1
 Witness: Bourassa

Line
 No.

1 AVD -Post Test Year Plant Retirements

2
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4 Acct.

5 No.	Description		Adjustment
6 380	Treatment & Disposal Equipment	remove amount proposed in Direct	\$ 300,000
7			
8 380	Treatment & Disposal Equipment	true-up to actual cost	-
9			
10 354	Structures & Improvements		(28,089)
11			
12 371	Pumping Equipment		(10,368)
13			
14	Subtotal		\$ 261,543

16 Half-year Depreciation on Post-Test Year Plant

17
 18

19 Acct.

20 No.	Description	Cost	Depreciation Rate	Years	
21 354	Structures & Improvements	\$ 1,081,134	3.33%	0.50	\$ 18,001
22 371	Pumping Equipment	21,588	12.50%	0.50	1,349
23					
24	Subtotal				\$ 19,350

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41 Net Adjustment \$ 280,893

43 SUPPORTING SCHEDULE

44 Testimony

45

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Proposed Final Schedule B-2
 Page 4.2
 Witness: Bourassa

Line

No.1 A/D - Accrual True-up

2

3

4

Acct.

Original

5

No.DescriptionCostDepr RateYearsA/D

6

354

Structures & Improvements

199,000

3.33%

0.50

3,313

7

396

Communication Equip

(3,555)

10.00%

0.50

(178)

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Net Adjustment

\$ 3,136

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SUPPORTING SCHEDULE

44

Staff Adjustment #3

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Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - C

Exhibit
 Proposed Final Schedule B
 Page 4.3
 Witness: Bourassa

Line No.							
1	<u>A/D - Plant Reclassification</u>						
2							
3							
4	Acct.			Depr		Plant	A/D
5	No.	Description	Year	Rate	Years	Adjustment	Adjustment
6	354	Structures & Improvements	2009	3.33%	3.5	\$ (465,350)	\$ (54,237)
7	354	Structures & Improvements	2011	3.33%	1.5	-	-
8	354	Structures & Improvements	2012	3.33%	0.5	(59,760)	(995)
9	Subtotal					<u>\$ (525,110)</u>	<u>\$ (55,232)</u>
10	361	Collection Sewers Gravity	2009	2.00%	3.5	41,564	2,910
11	361	Collection Sewers Gravity	2011	2.00%	1.5	-	-
12	361	Collection Sewers Gravity	2012	2.00%	0.5	-	-
13	Subtotal					<u>\$ 41,564</u>	<u>\$ 2,910</u>
14	364	Flow Measuring Devices	2009	10.00%	3.5	36,618	12,816
15	364	Flow Measuring Devices	2011	10.00%	1.5	-	-
16	364	Flow Measuring Devices	2012	10.00%	0.5	-	-
17	Subtotal					<u>\$ 36,618</u>	<u>\$ 12,816</u>
18	371	Pumping Equipment	2009	12.50%	3.5	5,048	2,208
19	371	Pumping Equipment	2011	12.50%	1.5	6,000	1,125
20	371	Pumping Equipment	2012	12.50%	0.5	50,622	3,164
21	Subtotal					<u>\$ 61,670</u>	<u>\$ 6,497</u>
22	380	Treatment & Disposal Equipment	2009	5.00%	3.5	424,288	74,250
23	380	Treatment & Disposal Equipment	2011	5.00%	1.5	6,156	462
24	380	Treatment & Disposal Equipment	2012	5.00%	0.5	46,304	1,158
25	Subtotal					<u>\$ 476,749</u>	<u>\$ 75,870</u>
26	389	Other Sewer Plant & Equipment	2009	6.67%	3.5	(43,005)	(10,039)
27	389	Other Sewer Plant & Equipment	2011	6.67%	1.5	-	-
28	389	Other Sewer Plant & Equipment	2012	6.67%	0.5	-	-
29	Subtotal					<u>\$ (43,005)</u>	<u>\$ (10,039)</u>
30	393	Tools, Shop And Garage Equip	2009	5.00%	3.5	-	-
31	393	Tools, Shop And Garage Equip	2011	5.00%	1.5	-	-
32	393	Tools, Shop And Garage Equip	2012	5.00%	0.5	(15,681)	(392)
33	Subtotal					<u>\$ (15,681)</u>	<u>\$ (392)</u>
34	394	Laboratory Equip	2009	10.00%	3.5	836	293
35	394	Laboratory Equip	2011	10.00%	1.5	-	-
36	394	Laboratory Equip	2012	10.00%	0.5	-	-
37	Subtotal					<u>\$ 836</u>	<u>\$ 293</u>
38	395	Power Operated Equipment	2009	5.00%	3.5	-	-
39	395	Power Operated Equipment	2011	5.00%	1.5	-	-
40	395	Power Operated Equipment	2012	5.00%	0.5	(21,485)	(537)
41	Subtotal					<u>\$ (21,485)</u>	<u>\$ (537)</u>
42							
43							
44	Net Adjustment					<u>\$ 12,156</u>	<u>\$ 32,185</u>
45							
46	<u>SUPPORTING SCHEDULE</u>						
47	Staff Table 6 - Reclassification						
48	Testimony						
49							

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - D

Exhibit
 Proposed Final Schedule B-2
 Page 4.4
 Witness: Bourassa

Line
No.

1 A/D Plant Not Used and Useful

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Acct.

No.

Description

353

354

Original

Cost

(11,217)

(113,329)

Depr Rate

0.00%

3.33%

Years

3.50

1.50

A/D

-

(5,661)

Net Adjustment

\$ (5,661)

SUPPORTING SCHEDULE

Staff Adjustment #6

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - E

Exhibit
 Proposed Final Schedule B-2
 Page 4.5
 Witness: Bourassa

Line
No.

1 A/D Duplicate Invoices

2

3

4

Acct.

Original

5

No.

Description

Cost

Depr Rate

Years

A/D

6

353

Land

\$

(3,409)

0.00%

2.50

\$

-

7

355

Power Generation

(400)

5.00%

3.50

(70)

8

389

Other Sewer Plant & Equipment

(864)

6.67%

2.50

(144)

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Net Adjustment

\$ (214)

41

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SUPPORTING SCHEDULE

44

Staff Adjustment #7

45

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - F

Exhibit
 Proposed Final Schedule B-2
 Page 4.6
 Witness: Bourassa

Line
 No.

1 Accumulated Depreciation - Plant Additions in Wrong Years

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Acct. No.	Description	Depreciation Correction
351	Organization	\$ -
352	Franchise	-
353	Land	-
354	Structures & Improvements	6,478
355	Power Generation	-
360	Collection Sewer Forced	-
361	Collection Sewers Gravity	407
362	Special Collecting Structures	-
363	Customer Services	-
364	Flow Measuring Devices	-
366	Reuse Services	23
367	Reuse Meters And Installation	-
370	Receiving Wells	-
371	Pumping Equipment	-
374	Reuse Distribution Reservoirs	-
375	Reuse Trans. and Dist. System	803
380	Treatment & Disposal Equipment	-
381	Plant Sewers	-
382	Outfall Sewer Lines	-
389	Other Sewer Plant & Equipment	-
390	Office Furniture & Equipment	-
390.1	Computers and Software	-
391	Transportation Equipment	-
392	Stores Equipment	-
393	Tools, Shop And Garage Equip	-
394	Laboratory Equip	-
395	Power Operated Equipment	-
396	Communication Equip	-
398	Other Tangible Plant	-

Plant Held for Future Use
 TOTALS

\$ 7,711

SUPPORTING SCHEDULE

B-2, pages 4.1 through 4.3

B-2, pages 3.6 through 3.10

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - G

Exhibit
 Proposed Final Schedule B-2
 Page 4.7
 Witness: Bourassa

Line
No.

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<u>Retirements A/D</u>								
Acct.								
No.	Description	Year of Retirement					Adjustment	
341	Transportation Equipment	2008					(7,110)	
Total							<u>\$ (7,110)</u>	
<u>Reclassifications A/D</u>								
Acct.			Depr			Plant	A/D	
No.	Description	Year	Rate	Years ¹		Adjustment	Adjustment	
341	Transportation Equipment	2008	20.00%	4.125		\$ (6,193)	\$ (5,109)	
Subtotal						\$ (6,193)	\$ (5,109)	
389	Other Sewer Plant & Equipment	2008	6.67%	4.125		\$ 6,193	\$ 1,704	
Subtotal						\$ 6,193	\$ 1,704	
Total							<u>\$ (3,405)</u>	
Total Adjustment							<u>\$ (10,515)</u>	
<u>SUPPORTING SCHEDULE</u>								
Schedule B-2, page 3.6								
Work papers								
¹ Post last test year end date								

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - H

Exhibit
 Proposed Final Schedule B-2
 Page 4.8
 Witness: Bourassa

Line

No.

1 Reconciliation of A/D to A/D Reconstruction

		Adjusted		Rejoinder	Rejoinder	
	Acct.	Original	B-2	Adjusted	Plant	
	No.	Cost	Adjustments	Original	Per	Difference
				Cost	Reconstruction	
		\$	\$	\$	\$	\$
5	351	-	-	-	-	-
6	352	-	-	-	-	-
7	353	-	-	-	-	-
8	354	3,773,984	(61,189)	3,712,796	3,712,796	-
9	355	222,393	(70)	222,323	222,323	0
10	360	(109,004)	-	(109,004)	(109,004)	-
11	361	5,222,855	3,317	5,226,172	5,226,172	-
12	362	-	-	-	-	-
13	363	2,092	-	2,092	2,092	-
14	364	38,453	12,816	51,269	51,269	-
15	366	825,859	23	825,882	825,882	-
16	367	21,945	-	21,945	21,945	-
17	370	297,089	-	297,089	297,089	-
18	371	276,747	(2,521)	274,226	274,226	-
19	374	8,088	-	8,088	8,088	-
20	375	48,106	803	48,908	48,908	-
21	380	1,551,533	375,870	1,927,403	1,927,403	-
22	381	16,686	-	16,686	16,686	-
23	382	118,892	-	118,892	118,892	-
24	389	234,145	(8,480)	225,666	225,666	-
25	390	122,510	-	122,510	122,510	-
26	390.1	-	-	-	-	-
27	391	33,497	(12,219)	21,278	17,770	(3,508)
28	392	3,681	-	3,681	3,681	-
29	393	25,027	(392)	24,635	24,635	-
30	394	135,667	293	135,959	135,959	-
31	395	702	(537)	165	165	-
32	396	373,237	(178)	373,059	373,059	-
33	398	-	-	-	-	-
34						
35						
36						
37						
38						
39						
40	Plant Held for Future Use					
41	TOTALS	\$ 13,244,186	\$ 307,535	\$ 13,551,721	\$ 13,548,214	\$ (3,508)

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44 SUPPORTING SCHEDULE

45 B-2, pages 4.1 through 4.7

46 B-2, pages 3.9 through 3.13

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - H

Exhibit
 Proposed Final Schedule B-2
 Page 4.9
 Witness: Bourassa

Line

No.

Half-year Depreciation on Post-Test Year Plant

Acct. No.	Description	Cost	Depreciation Rate	Years	Adjustment
354	Structures & Improvements	\$ 1,081,134	3.33%	0.50	18,001
371	Pumping Equipment	21,588	12.50%	0.50	1,349

Total

\$ 19,350

Total Adjustment

\$ 19,350

SUPPORTING SCHEDULE

Schedule B-2, page 3.1

Testimony

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Proposed Final Schedule B-2
 Page 5
 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line

No.

1			
2			
3			
4		Gross	Accumulated
		CIAC	Amortization
5	Computed balance at 12/31/2012	\$ 28,376,915	\$ 4,153,301
6			
7	Adjusted balance at 12/31/2012	\$ 28,470,485	\$ 4,446,775
8			
9	Increase (decrease)	\$ (93,570)	\$ (293,475)
10			
11			
12	Adjustment to CIAC/AA CIAC	\$ (93,570)	\$ 293,475
13	Label	3a	3b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		
20	E-1		
21	B-2, page 5.1 - 5.3		
22			
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Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Contributions-in-aid of Construction and Amortization
 Adjustment 3

Exhibit
 Proposed Final Schedule B-2
 Page 5.1
 Witness: Bourassa

Line No.		9/30/2008	2008 Activity	Balance at 12/31/2008	2009 Activity	Balance at 12/31/2009
1		17,134,023	706,018	17,840,041	2,870,802	20,710,843
2						
3	Collection Sewers Contributed					
4						
5						
6	Amortization		87,435		385,507	
7	Accum Amort.	1,576,589	87,435	1,664,024	385,507	2,049,531
8						
9	Services Contributed	1,509,762	140,400	1,650,162	698,724	2,348,886
10						
11						
12	Amortization		7,900		39,990	
13	Accum Amort.	495,529	7,900	503,429	39,990	543,419
14						
15	Total CIAC Sewer	18,643,786		19,490,203		23,059,529
16						
17						
18	Total Accum Amort.	2,072,117		2,167,452		2,592,950
19						
20						
21						
22						
23						
24						
25						

Exhibit
Proposed Final Schedule B-2
Page 5.2
Witness: Bourassa

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 3

Line No.		Depr'n Rate	GL Account	2010 Activity	Balance at 12/31/2010	2011 Activity	Balance at 12/31/2011
1							
2	Collection Sewers Contributed	2.00%	8600.2.0200.10.1615.0026	1,079,042	21,799,685	3,955,923	25,745,608
3							
4							
5							
6	Amortization			425,003		475,353	
7	Accum Amort.		8600.2.0000.10.1641.0100	425,003	2,474,534	475,353	2,949,887
8							
9	Services Contributed	2.00%	8600.2.0200.10.1615.0016	15,630	2,364,516	34,990	2,399,506
10							
11							
12	Amortization			47,134		47,640	
13	Accum Amort.		8600.2.0000.10.1641.0100	47,134	590,553	47,640	638,193
14							
15	Total CIAC Sewer				24,154,201		28,145,114
16							
17							
18	Total Accum Amort.				3,065,087		3,588,080
19							
20							
21							
22							
23							
24							
25							

Exhibit
Proposed Final Schedule B-2
Page 5.3
Witness: Bourassa

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 3

Line No.		Dep'n Rate	GL Account	2012 Activity	Balance at 12/31/2012
1					
2					
3	Collection Sewers Contributed	2.00%	8600.2.0200.10.1615.0028		25,745,608
4					
5					
6	Amortization			514,912	
7	Accum Amort.		8600.2.0000.10.1641.0100	514,912	3,464,799
8					
9	Services Contributed	2.00%	8600.2.0200.10.1615.0016	231,801	2,831,307
10					
11					
12	Amortization			50,308	
13	Accum Amort.		8600.2.0000.10.1641.0100	50,308	688,501
14					
15	Total CIAC Sewer				28,376,915
16					
17					
18	Total Accum Amort.				4,153,301
19					
20					
21					
22					
23					
24					
25					

Exhibit
Proposed Final Schedule B-2
Page 6.0
Witness: Bourassa

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Line No.	Deferred Income Tax as of February 29, 2012				Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset		Future Tax Liability	
	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value						Current	Non Current	Current	Non Current
1											
2											
3											
4											
5											
6	Plant-in-Service	\$ 162,040,849 ¹									
7	Accum. Deprec.	(32,475,811) ¹									
8	CIAC	(59,777,267) ³									
9	Fed. Fixed Assets	\$ 69,787,771	\$ 47,372,348 ²	100.0%	\$ (22,415,423)	31.79%					(7,125,863)
10											
11	State Fixed Assets	\$ 69,787,771	\$ 74,030,636 ²	100.0%	\$ 4,242,865	6.500%			275,786		
12											
13	Fed & State AIAC		14,120,317 ⁴	100.0%	\$ 14,120,317 ⁴	38.29%		\$ 5,406,669			
14											
15											
16											
17											
18											
19											
20											
21	Net Asset (Liability)							\$ (1,443,407)			
22	Allocation Factor - Wastewater-Division (based on rate base before ADIT)							0.4204			
23	Net Asset (Liability) Wastewater Division							\$ (606,843)			
24	Adjusted DIT Asset (Liability)							\$ (982,318)			
25	Adjustment to DIT							\$ (375,475)			
26											
27											
28											
29											
30											
31											
32											
33											
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36											
37											
38											
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40											

Footnotes - See page 7.1

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment 4

Exhibit
 Proposed Final Schedule B-2
 Page 6.1
 Witness: Bourassa

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52

¹ Per adjusted book balances, land not included

² Computation of Net Tax Value December 31, 2012

Based on 2012 Tax Depreciation report (December 31, 2012) as amended

Unadjusted Cost at December 31, 2012 per federal and state tax depr. report

Reconciling Items not on tax report:

Land on Tax and not on included in adjusted plant balance

F.A. Accrual on not on tax report

Proposed Plant Retirement Direct

Proposed Plant Retirement Rejoinder

Post Test Year plant

Post Test Year Plant Retirement

Plant Held for Future Use

Net Unadjusted Cost tax Basis at December 31, 2012

Reductions

Basis Reduction 2012 and Prior Years per federal and state tax depr. report

Accumulated Depreciation 2012 and prior per federal and state tax depr. report

Proposed Plant Retirement Direct

Proposed Plant Retirement Rejoinder

Post Test Year retirement

Plant Held for Future Use

Net Reductions through December 31, 2012

Net tax value of plant-in-service at December 31, 2012

³ CIAC (including impact of change to probability of realization)

Gross CIAC per adjusted book balances

CIAC reductions/additions

A.A. per adjusted book balances

Net CIAC before unrealized AIAC

Unrealized AIAC Component

AIAC per adjusted book balances

Adjusted Net AIAC (see footnote 5 below)

Unrealized AIAC Component % (1-Realized AIAC Component)

Total realizable CIAC

⁴ AIAC (including impact of change in probability of realization)

AIAC per adjusted book balances

Less: Unrealized AIAC (from Note 3, above)

Subtotal

Meter and Service Line Installation Charges per adjusted book balances

Total realizable AIAC

FEDERAL	STATE
\$ 85,943,311	\$ 84,887,919
(1,055,392)	
6,391,333	6,391,333
(1,712,539)	(1,712,539)
(17,555)	(17,555)
1,102,722	1,102,722
(38,457)	(38,457)
\$ 90,613,423	\$ 90,613,423
\$ (25,331,094)	\$
(19,678,532)	(18,351,338)
1,712,539	1,712,539
17,555	17,555
38,457	38,457
(43,241,075)	(16,582,787)
\$ 47,372,348	\$ 74,030,636

\$ 35,802,727

\$ (5,439,155)

(5,439,155)

\$ 30,363,572

\$ 42,019,564

70.0%

\$ 29,413,695

\$ 59,777,267

\$ 42,019,564

\$ (29,413,695)

\$ 12,605,869

1,514,448

\$ 14,120,317

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 5

Exhibit
 Proposed Final Schedule B-2
 Page 7
 Witness: Bourassa

Line

No.1 Customer Security Deposits

2

3 Customer Security Deposits per Staff

4

\$ 163,774

5 Adjusted Customer Security Deposits

6

\$ 155,440

7 Adjustment to Customer Security Deposits based upon a 13 month average

8

\$ 8,334

9

10

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42 SUPPORTING SCHEDULE

43 Staff Adjustment #10

44

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Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 6

Exhibit
 Proposed Final Schedule B-2
 Page 8
 Witness: Bourassa

Line
 No.

1	<u>Customer Meter Deposits</u>	
2		
3	Customer Meter Deposits per RUCO	\$ 81,661
4		
5	Adjusted Customer Meter Deposits	<u>\$ 95,892</u>
6		
7	Adjustment to Customer Meter Deposits based upon a 13 month average	\$ (14,231)
8		
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42	<u>SUPPORTING SCHEDULE</u>	
43	RUCO Adjustment #5	
44		
45		

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Computation of Working Capital

Exhibit
Proposed Final Schedule
Page 1
Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance	
2	Operation and Maintenance Expense)	\$ 777,666
3	Pumping Power (1/24 of Pumping Power)	25,068
4	Purchased Water (1/24 of Purchased Water)	1,111
5	Prepaid Expenses	
6		
7		
8		
9	Total Working Capital Allowance	<u>\$ 803,845</u>
10		
11		
12	Working Capital Requested	<u>\$ -</u>
13		
14		
15		
16		
17		Rejoinder
18	Total Operating Expense	<u>Adjusted Test Year</u>
19	Less:	\$ 8,451,599
20	Income Tax	\$ 1,033,417
21	Property Tax	547,273
22	Depreciation	21,291
23	Purchased Water	26,656
24	Pumping Power	601,635
25	Allowable Expenses	<u>\$ 6,221,326</u>
26	1/8 of allowable expenses	<u>\$ 777,666</u>
27		

SUPPORTING SCHEDULES:

E-1

RECAP SCHEDULES:

B-1

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Income Statement

Exhibit
Proposed Final Schedule C-1
Page 1
Witness: Bourassa

Line No.		Adjusted Test Year Results	Adjustment	Rejoinder Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 9,853,383	\$ 1,193	\$ 9,854,576	\$ 341,225	\$ 10,195,801
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	508,220	-	508,220	-	508,220
5		<u>\$ 10,361,603</u>	<u>\$ 1,193</u>	<u>\$ 10,362,796</u>	<u>\$ 341,225</u>	<u>\$ 10,704,021</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 1,168,151	-	\$ 1,168,151	-	\$ 1,168,151
8	Purchased Water	26,656	-	26,656	-	26,656
9	Purchased Power	601,635	-	601,635	-	601,635
10	Sludge Removal Expense	234,893	3,423	238,316	-	238,316
11	Fuel for Power Production	-	-	-	-	-
12	Chemicals	357,986	-	357,986	-	357,986
13	Materials and Supplies	86,994	-	86,994	-	86,994
14	Management Services - US Liberty Water	1,469,058	(9,941)	1,459,117	-	1,459,117
15	Management Services - Corporate	698,951	-	698,951	-	698,951
16	Management Services - Other	-	-	-	-	-
17	Outside Services - Accounting	2,161	-	2,161	-	2,161
18	Outside Services - Engineering	-	-	-	-	-
19	Outside Services- Other	222,303	-	222,303	-	222,303
20	Outside Services- Legal	25,746	-	25,746	-	25,746
21	Water Testing	57,735	(27,078)	30,657	-	30,657
22	Rents - Office	40,007	-	40,007	-	40,007
23	Equipment Rental	3,076	-	3,076	-	3,076
24	Transportation Expenses	26,465	-	26,465	-	26,465
25	Insurance - General Liability	57,823	-	57,823	-	57,823
26	Insurance - Vehicle	11,506	-	11,506	-	11,506
27	Reg. Comm. Exp. - Other	14,189	-	14,189	-	14,189
28	Reg. Comm. Exp. - Rate Case	74,200	-	74,200	-	74,200
29	Miscellaneous Expense	77,293	3,498	80,791	-	80,791
30	Bad Debt Expense	45,215	(23,924)	21,291	-	21,291
31	Depreciation and Amortization Expense	1,598,765	24,122	1,622,887	-	1,622,887
32	Taxes Other Than Income	-	-	-	-	-
33	Property Taxes	576,026	(28,753)	547,273	6,022	553,295
34	Income Tax	1,013,153	20,264	1,033,417	128,350	1,161,767
35	Total Operating Expenses	<u>\$ 8,489,987</u>	<u>\$ (38,388)</u>	<u>\$ 8,451,599</u>	<u>\$ 134,371</u>	<u>\$ 8,585,970</u>
36	Operating Income	<u>\$ 1,871,616</u>	<u>\$ 39,581</u>	<u>\$ 1,911,197</u>	<u>\$ 206,854</u>	<u>\$ 2,118,051</u>
37	Other Income (Expense)					
38	Interest Income	-	-	-	-	-
39	Other income	-	-	-	-	-
40	Interest Expense	(259,945)	14,252	(245,693)	-	(245,693)
41	Other Expense	-	-	-	-	-
42		-	-	-	-	-
43	Total Other Income (Expense)	<u>\$ (259,945)</u>	<u>\$ 14,252</u>	<u>\$ (245,693)</u>	<u>\$ -</u>	<u>\$ (245,693)</u>
44	Net Profit (Loss)	<u>\$ 1,611,671</u>	<u>\$ 53,833</u>	<u>\$ 1,665,504</u>	<u>\$ 206,854</u>	<u>\$ 1,872,358</u>

SUPPORTING SCHEDULES:

C-1, page 2

E-2

RECAP SCHEDULES:

A-1

Utchfield Park Service Company - WW Division
dba Liberty Utilities
Test Year Ended December 31, 2012
Income Statement

Exhibit
Proposed Final Schedule C-1
Page 2.1
Witness: Bourassa

Line No.	Revenues	1 Depreciation	2 Property Taxes	3 Water Testing	4 Corporate Allocation True-up	5 Corporate Allocation Expense	6 Interest on Customer Dep.	7 Revenue Expense Annualization	8 Bad Debt Expense	9 Misc. Expense
1	Revenues									
2	Metered Water Revenues	\$ 9,853,383								
3	Unmetered Water Revenues									
4	Other Water Revenues	\$ 508,220								
5		\$ 10,361,603								
6	Operating Expenses									
7	Salaries and Wages	\$ 1,188,151								
8	Purchased Water	26,656								
9	Purchased Power	601,635								
10	Sludge Removal Expense	234,893		3,410						
11	Fuel for Power Production									
12	Chemicals	357,988								
13	Materials and Supplies	86,994								
14	Management Services - US Liberty Water	1,459,068			(7,420)	(2,521)				
15	Management Services - Corporate	698,951								
16	Management Services - Other									
17	Outside Services - Accounting	2,151								
18	Outside Services - Engineering									
19	Outside Services - Other	222,303								
20	Outside Services - Legal	25,746								
21	Water Testing	57,735		(27,078)						
22	Rents - Office	40,007								
23	Equipment Rental	3,076								
24	Transportation Expenses	26,485								
25	Insurance - General Liability	57,823								
26	Insurance - Vehicle	11,506								
27	Reg. Comm. Exp. - Other	14,189								
28	Reg. Comm. Exp. - Rate Case	74,200								
29	Miscellaneous Expense	77,293								
30	Bad Debt Expense	45,215								
31	Depreciation and Amortization Expense	1,598,765	24,122							
32	Taxes Other Than Income									
33	Property Taxes	576,026	(28,753)							
34	Income Tax	1,013,153								
35	Total Operating Expenses	\$ 8,489,987	\$ 24,122	\$ (28,753)	\$ (7,420)	\$ (2,521)	\$ 5,346	\$ (1,453)	\$ (23,924)	\$ (342)
36	Operating Income	\$ 1,871,616	\$ (24,122)	\$ 23,668	\$ 7,420	\$ 2,521	\$ (5,346)	\$ 2,686	\$ 23,924	\$ 342
37	Other Income (Expense)									
38	Interest Income									
39	Other Income									
40	Interest Expense									
41	Other Expense									
42										
43	Total Other Income (Expense)	\$ (259,945)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	Net Profit (Loss)	\$ 1,611,671	\$ (24,122)	\$ 23,668	\$ 7,420	\$ 2,521	\$ (5,346)	\$ 2,686	\$ 23,924	\$ 342
45										
46										
47										
48										

SUPPORTING SCHEDULES:
C-2
E-2

Litchfield Park Service Company - WW Division
 dba Liberty Utilities
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Proposed Final Schedule C-1
 Page 2.2
 Witness: Bourassa

Line No.		10	11	12	13	14	15	16	17	Rejoinder	Proposed	Adjusted
		Interest	Income	Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	Intentionally	Adjusted	Rate	with Rate
		Income	Taxes	Left	Left	Left	Left	Left	Left	Results	Increase	Increase
		Income	Taxes	Blank	Blank	Blank	Blank	Blank	Blank			
1	Revenues											
2	Metered Water Revenues											
3	Unmetered Water Revenues											
4	Other Water Revenues											
5												
6	Operating Expenses											
7	Salaries and Wages											
8	Purchased Water											
9	Purchased Power											
10	Sewage Removal Expense											
11	Fuel for Power Production											
12	Chemicals											
13	Materials and Supplies											
14	Management Services - US Liberty Water											
15	Management Services - Corporate											
16	Management Services - Other											
17	Outside Services - Accounting											
18	Outside Services - Engineering											
19	Outside Services - Other											
20	Outside Services - Legal											
21	Water Testing											
22	Rents - Office											
23	Equipment Rental											
24	Transportation Expenses											
25	Insurance - General Liability											
26	Insurance - Vehicle											
27	Reg. Comm. Exp. - Other											
28	Reg. Contin. Exp. - Rate Case											
29	Miscellaneous Expense											
30	Bad Debt Expense											
31	Depreciation and Amortization Expense											
32	Taxes Other Than Income											
33	Property Taxes											
34	Income Tax											
35	Total Operating Expenses											
36	Operating Income											
37	Other Income (Expense)											
38	Interest Income											
39	Other Income											
40	Interest Expense											
41	Other Expense											
42												
43	Total Other Income (Expense)											
44	Net Profit (Loss)											
45												
46												
47												
48												

RECAP SCHEDULES:
 C-1, page 1

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustments to Revenues and Expenses

Exhibit
 Proposed Final Schedule C-2
 Page 1
 Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
	<u>Depreciation</u>	<u>Property Taxes</u>	<u>Water Testing</u>	<u>Corporate Allocation True-up</u>	<u>Corporate Allocation Expense</u>	<u>Interest on Customer Dep.</u>	
Revenues							-
Expenses	24,122	(28,753)	(23,668)	(7,420)	(2,521)	5,346	(32,894)
Operating Income	(24,122)	28,753	23,668	7,420	2,521	(5,346)	32,894
Interest Expense							-
Other Income / Expense							-
Net Income	(24,122)	28,753	23,668	7,420	2,521	(5,346)	32,894

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Total</u>
	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
	<u>Revenue Expense Annualization</u>	<u>Bad Debt Expense</u>	<u>Misc. Expense</u>	<u>Interest Synch.</u>	<u>Income Taxes</u>	<u>Intentionally Left Blank</u>	
Revenues	1,193						1,193
Expenses	(1,493)	(23,924)	(342)	-	20,264	-	(38,388)
Operating Income	2,686	23,924	342	-	(20,264)	-	39,581
Interest Expense	-			14,252			14,252
Other Income / Expense							-
Net Income	2,686	23,924	342	14,252	(20,264)	-	53,833

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Proposed Final Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct.	Description	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1					
2					
3					
4	No.	Description	Cost	Rates	Expense
5	351	Organization	-	0.00%	-
6	352	Franchise	-	0.00%	-
7	353	Land	1,835,956	0.00%	-
8	354	Structures & Improvements	24,821,920	3.33%	826,570
9	355	Power Generation	602,932	5.00%	30,147
10	360	Collection Sewer Forced	1,162,597	2.00%	23,252
11	361	Collection Sewers Gravity	31,928,245	2.00%	638,565
12	362	Special Collecting Structures	-	2.00%	-
13	363	Customer Services	76,190	2.00%	1,524
14	364	Flow Measuring Devices	82,828	10.00%	8,283
15	366	Reuse Services	4,057,660	2.00%	81,153
16	367	Reuse Meters And Installation	44,753	8.33%	3,728
17	370	Receiving Wells	860,393	3.33%	28,651
18	371	Pumping Equipment	872,370	12.50%	109,046
19	374	Reuse Distribution Reservoirs	62,286	2.50%	1,557
20	375	Reuse Trans. and Dist. System	420,334	2.50%	10,508
21	380	Treatment & Disposal Equipment	5,362,219	5.00%	268,111
22	381	Plant Sewers	47,802	5.00%	2,390
23	382	Outfall Sewer Lines	343,681	3.33%	11,445
24	389	Other Sewer Plant & Equipment	833,823	6.67%	55,616
25	390	Office Furniture & Equipment	275,740	6.67%	18,392
26	390.1	Computers and Software	-	20.00%	-
27	391	Transportation Equipment	20,194	20.00%	4,039
28	392	Stores Equipment	8,968	4.00%	359
29	393	Tools, Shop And Garage Equip	129,950	5.00%	6,497
30	394	Laboratory Equip	187,184	10.00%	18,718
31	395	Power Operated Equipment	6,605	5.00%	330
32	396	Communication Equip	415,441	10.00%	41,544
33	398	Other Tangible Plant	-	10.00%	-
34			-		-
35					-
36					-
37					-
38					-
39		TOTALS	\$ 74,460,070		\$ 2,190,425
40					
41		Less: Amortization of Contributions	Gross CIAC	Amort. Rate	
42	361	Collection Sewers Gravity	\$ 25,745,608	2.0000%	\$ (514,912)
43	363	Customer Services	2,631,307	2.0000%	\$ (52,626)
44			\$ 28,376,915		
45		Total Depreciation Expense			\$ 1,622,887
46					
47		Adjusted Test Year Depreciation Expense			1,598,765
48					
49		Increase (decrease) in Depreciation Expense			24,122
50					
51		Adjustment to Revenues and/or Expenses			\$ 24,122
52					
53		<u>SUPPORTING SCHEDULE</u>			
54		B-2, page 3			

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities

Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Proposed Final Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 10,362,796	\$ 10,362,796
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	20,725,592	20,725,592
4	Company Recommended Revenue	10,362,796	10,704,021
5	Subtotal (Line 4 + Line 5)	31,088,388	31,429,613
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	10,362,796	10,476,538
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	20,725,592	20,953,075
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	51,225	51,225
12	Full Cash Value (Line 9 + Line 10 - Line 11)	20,674,367	20,901,851
13	Assessment Ratio	19.0%	19.0%
14	Assessment Value (Line 12 * Line 13)	3,928,130	3,971,352
15	Composite Property Tax Rate - Obtained from ADOR	13.9322%	13.9322%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 547,273	\$ 553,295
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 547,273	
19	Adjusted Test Year Property Taxes	\$ 576,026	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (28,753)	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 553,295
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 547,273
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 6,022
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 6,022
27	Increase in Revenue Requirement		\$ 341,225
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.76474%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Proposed Final Schedule C-2
Page 4
Witness: Bourassa

Water Testing Expense

Line
No.

1		
2		
3	Sludge Removal Expense Adjustment	\$ 3,410
4		
5	Water Testing Expense Adjustment	(27,078)
6		
7		
8		
9		
10		
11	Increase(decrease) in Expense	<u>\$ (23,668)</u>
12		
13	Adjustment to Revenue and/or Expense	<u>\$ (23,668)</u>
14		
15		
16	<u>Reference</u>	
17	Testimony	
18		
19		
20		

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Proposed Final Schedule C-2
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Witness: Bourassa

Corporate Allocation True-Up

Line

No.

1

2

3

4

Corporate Allocation True-Up Adjustment

\$ (7,420)

5

6

7

8

Total Adjustment to Management Services - US Liberty Water

\$ (7,420)

9

10

11

Adjustment to Revenue and/or Expense

\$ (7,420)

12

13

SUPPORTING SCHEDULES

14

Staff Adjustment #2

15

Testimony

16

17

18

19

20

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Proposed Final Schedule C-2
Page 6
Witness: Bourassa

Corporate Allocation Expense Adjustment

Line
No.

1		
2	Corporate Allocation Expense Adjustment	\$ (2,521)
3		
4		
5		
6	Total Adjustment to Management Services - US Liberty Water	<u>\$ (2,521)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(2,521)</u>
10		
11	<u>Reference</u>	
12	Testimony	
13	Work papers	
14		
15		
16		
17		
18		
19		
20		

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Proposed Final Schedule C-2
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Witness: Bourassa

Interest on Customer Security Deposits

Line
No.

1		
2	Interest on Customer Deposits	\$ 5,346
3		
4		
5		
6	Adjustment to Miscellaneous Expense	<u>\$ 5,346</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>5,346</u>
10		
11	<u>Reference</u>	
12	Staff Adjustment #4	
13	Testimony	
14		
15		
16		
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18		
19		
20		

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Proposed Final Schedule C-2
Page 8
Witness: Bourassa

Revenue and Expense Annualization

Line
No.

1		
2		
3	Revenue Annualization for Res Low Income	\$ 1,193
4		
5	Increase (decrease) in Revenues	<u>\$ 1,193</u>
6		
7	Annualized Purchase Power	\$ 54
8	Annualized Sudge Removal	13
9	Annualized Postage	(1,506)
10		
11	Increase (decrease) in Expenses	<u>\$ (1,439)</u>
12		
13		
14		
15		
16		
17		
18	<u>Reference</u>	
19	RUCO Adjustment #3	
20	Testimony	

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Proposed Final Schedule C-2
Page 9
Witness: Bourassa

Bad Debt Expense

Line
No.

1

2

3

4

5

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11

12

13

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15

16

17

18

19

20

Reclassify Bad Debt Expense to Water Division

(23,924)

Adjustment to Bad Debt Expense

\$ (23,924)

Adjustment to Revenue and/or Expense

\$ (23,924)

Reference

RUCO Adjustment #11

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 9

Exhibit
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 Witness: Bourassa

Miscellaneous Expense

Line

No.

1

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4

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16

17

18

19

20

Miscellaneous Expense Adjustment

\$ (342)

Adjustment to Miscellaneous Expense

\$ (342)

Adjustment to Revenue and/or Expense

\$ (342)

Reference

RUCO Adjustment 15

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 10

Exhibit
 Proposed Final Schedule C-2
 Page 11
 Witness: Bourassa

Interest Synchronization

Line
No.

1			
2			
3			
4	Fair Value Rate Base	\$ 24,190,673	
5	Weighted Cost of Debt	1.02%	
6	Interest Expense	\$ 245,693	
7			
8	Test Year Interest Expense	\$ 259,945	
9			
10	Increase (decrease) in Interest Expense	(14,252)	
11			
12			
13			
14	Adjustment to Revenue and/or Expense	\$ 14,252	
15			
16			

Weighted Cost of Debt Computation

Pro forma Capital Structure

	<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
19			
20	Debt	15.87%	6.40%
21	Equity	84.13%	9.20%
22	Total	100.00%	8.76%
23			
24			
25			
26			
27			
28			
29			
30			

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Adjustment to Revenues and/or Expenses
 Adjustment Number 11

Exhibit
 Proposed Final Schedule C-2
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 Witness: Bourassa

Line
 No.
 1
 2
 3
 4
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 6
 7
 8
 9
 10
 11
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 20
 21
 22
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 28
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 30

Income Taxes

Compuated Income Tax
 Test Year Income tax Expense
 Adjustment to Income Tax Expense

	Test Year at Present Rates	Test Year at Proposed Rates
	\$ 1,033,417	\$ 1,161,767
	-	1,033,417
	<u>\$ 1,033,417</u>	<u>\$ 128,350</u>

SUPPORTING SCHEDULE
 C-3, page 2

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
 Test Year Ended December 31, 2012
 Computation of Gross Revenue Conversion Factor

Exhibit
 Proposed Final Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	38.290%
2		
3	Property Taxes	1.089%
4		
5		
6	Total Tax Percentage	39.379%
7		
8	Operating Income % = 100% - Tax Percentage	60.621%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.6496
15		
16		
17		
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21		
22		
23		
24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
28		
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Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012

Exhibit
Proposed Final Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
Calculation of Gross Revenue Conversion Factor:							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.3790%					
5	Subtotal (L3 - L4)	60.6210%					
6	Revenue Conversion Factor (L1 / L5)	1.649594					
Calculation of Uncollectible Factor:							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	38.2900%					
9	One Minus Combined Income Tax Rate (L7 - L8)	61.7100%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
Calculation of Effective Tax Rate:							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.5000%					
14	Federal Taxable Income (L12 - L13)	93.5000%					
15	Applicable Federal Income Tax Rate (L55, Col E)	34.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	31.7900%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.2900%				
Calculation of Effective Property Tax Factor:							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	38.2900%					
20	One Minus Combined Income Tax Rate (L18-L19)	61.7100%					
21	Property Tax Factor	1.7847%					
22	Effective Property Tax Factor (L20*L21)		1.0890%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.3790%			
24	Required Operating Income	\$ 2,118,051					
25	Adjusted Test Year Operating Income (Loss)	\$ 1,911,197					
26	Required Increase in Operating Income (L24 - L25)		\$ 206,854				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 1,161,767					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	\$ 1,033,417					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 128,350				
30	Recommended Revenue Requirement	\$ 10,704,021					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 553,295					
36	Property Tax on Test Year Revenue	\$ 547,273					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 6,022				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 341,225				

	(A)	(B)	(C)	(D)	(E)	(F)
Calculation of Income Tax:						
39	Total	Test Year		Total	Company Recommended	
40	Revenue	\$ 10,362,796	\$ 10,362,796	\$ 10,704,021	\$ 10,704,021	
41	Operating Expenses Excluding Income Taxes	\$ 7,418,182	\$ 7,418,182	\$ 7,424,203	\$ 7,424,203	
42	Synchronized Interest (L47)	\$ 245,693	\$ 245,693	\$ 245,693	\$ 245,693	
43	Arizona Taxable Income (L39 - L40 - L41)	\$ 2,698,921	\$ 2,698,921	\$ 3,034,126	\$ 3,034,126	
44	Arizona State Effective Income Tax Rate (see work papers)	6.5000%	6.5000%	6.5000%	6.5000%	
45	Arizona Income Tax (L42 x L43)	\$ 175,430	\$ 175,430	\$ 197,218	\$ 197,218	
46	Federal Taxable Income (L42- L44)	\$ 2,523,491	\$ 2,523,491	\$ 2,836,908	\$ 2,836,908	
47	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	
48	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	
49	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	
50	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 91,850	\$ 91,850	\$ 91,850	\$ 91,850	
51	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 744,087	\$ 744,087	\$ 850,649	\$ 850,649	
52	Total Federal Income Tax	\$ 857,987	\$ 857,987	\$ 964,549	\$ 964,549	
53	Combined Federal and State Income Tax (L35 + L42)	\$ 1,033,417	\$ 1,033,417	\$ 1,161,767	\$ 1,161,767	
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53 / [Col. (D), L45 - Col. (A), L45]			34.0000%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]				34.0000%	
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					0.0000%

Calculation of Interest Synchronization:
58 Rate Base
59 Weighted Average Cost of Debt
60 Synchronized Interest (L45 X L46)

Sewer	
\$ 24,190,673	
1.0157%	
\$ 245,693	

Exhibit
Proposed Final Schedule D-1
Page 1
Witness: Bourassa

Litchfield Park Service Company - Wastewater Division - dba Liberty Utilities
Test Year Ended December 31, 2012
Summary of Cost of Capital

Consolidated Capital Structure of Water and Wastewater Division

Adjusted End of Test Year

Line No.	Item of Capital	Percent of		Cost Rate	Weighted Cost
		Total			
1	Long-Term Debt	15.87%		6.40%	1.02%
2					
3	Stockholder's Equity	84.13%		9.20%	7.74%
4					
5	Totals	100.00%			8.76%
6					
7					
8					
9					
10					
11					
12					
13					
14					
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29					
30					

RECAP SCHEDULES:

SUPPORTING SCHEDULES:

Litchfield Park Service Company - Wastewater Division dba Liberty Utilities
Revenue Summary
 With Annualized Revenues to Year End Number of Customers
 Test Year Ended December 31, 2012

Exhibit
 Proposed Final Schedule H-1
 Page 1
 Witness: Bourassa

Line No.	Customer Classification	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Sewer Revenues	Percent of Proposed Sewer Revenues
1	Residential	\$ 7,214,632	\$ 7,466,283	\$ 251,652	3.49%	69.62%	69.75%
2	Residential - Low Income	23,862	24,694	832	3.49%	0.23%	0.23%
3	Residential HOA 145	67,843	70,209	2,366	3.49%	0.65%	0.66%
4	Residential HOA 172	80,475	83,282	2,807	3.49%	0.78%	0.78%
5	Residential HOA 560	262,013	271,152	9,139	3.49%	2.53%	2.53%
6	Subtotal	\$ 7,648,824	\$ 7,915,621	\$ 266,797	3.49%	73.81%	73.95%
7							
8	Multi-Unit Housing						
9	Multi-Unit 3	\$ 10,423	\$ 10,788	\$ 366	3.51%	0.10%	0.10%
10	Multi-Unit 5	4,524	4,683	159	3.51%	0.04%	0.04%
11	Multi-Unit 6	6,948	7,192	244	3.51%	0.07%	0.07%
12	Multi-Unit 7	109,439	113,279	3,840	3.51%	1.06%	1.06%
13	Multi-Unit 8	6,948	7,192	244	3.51%	0.07%	0.07%
14	Multi-Unit 13	62,102	64,281	2,179	3.51%	0.60%	0.60%
15	Multi-Unit 15	267,082	276,455	9,373	3.51%	2.58%	2.58%
16	Multi-Unit 16	6,948	7,192	244	3.51%	0.07%	0.07%
17	Multi-Unit 17	7,383	7,642	259	3.51%	0.07%	0.07%
18	Multi-Unit 22	9,554	9,889	335	3.51%	0.09%	0.09%
19	Multi-Unit 43	18,674	19,329	655	3.51%	0.18%	0.18%
20	Multi-Unit 78	33,874	35,063	1,189	3.51%	0.33%	0.33%
21	Multi-Unit 84	36,480	37,760	1,280	3.51%	0.35%	0.35%
22	Multi-Unit 123	106,833	110,582	3,749	3.51%	1.03%	1.03%
23	Multi-Unit 282	122,467	126,765	4,298	3.51%	1.18%	1.18%
24							
25	Subtotal	\$ 809,679	\$ 838,093	\$ 28,414	3.51%	7.81%	7.83%
26							
27	Small Commercial	\$ 75,094	\$ 77,725	2,631	3.50%	0.72%	0.73%
28	Measured Service:						
29	Regular Domestic	\$ 438,612	\$ 453,960	15,348	3.50%	4.23%	4.24%
30	Restaurant, Motels, Grocery, Dry Cleaning	375,664	388,810	13,147	3.50%	3.63%	3.63%
31	Subtotal	\$ 814,276	\$ 842,770	\$ 28,494	3.50%	7.86%	7.87%
32							
33	Wigwam Resort - Per Room	\$ 143,312	\$ 148,342	\$ 5,029	3.51%	1.38%	1.39%
34	Wigwam Resort - Main	17,200	17,802	602	3.50%	0.17%	0.17%
35	Subtotal	\$ 160,512	\$ 166,143	\$ 5,631	3.51%	1.55%	1.55%
36							
37	Elementary Schools	\$ 70,174	\$ 72,630	\$ 2,456	3.50%	0.68%	0.68%
38	Middle and High Schools	55,039	56,965	1,926	3.50%	0.53%	0.53%
39	Community College	21,327	22,074	747	3.50%	0.21%	0.21%
40	Subtotal	\$ 146,540	\$ 151,669	\$ 5,129	3.50%	1.41%	1.42%
41							
42	Effluent Sales	72,967	72,967	-	0.00%	0.70%	0.68%
43	Total Revenues Before Revenues Annualization	\$ 9,727,893	\$ 10,064,989	\$ 337,096	3.47%	93.87%	94.03%

Litchfield Park Service Company - Wastewater Division dba Liberty Utilities
Revenue Summary
 With Annualized Revenues to Year End Number of Customers
 Test Year Ended December 31, 2012

Exhibit
 Proposed Final Schedule H-1
 Page 2
 Witness: Bourassa

Line No.	Customer Classification	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Sewer Revenues	Percent of Proposed Sewer Revenues
1							
2	<u>Revenue Annualization</u>						
3	Residential	\$ 128,534	\$ 133,018	\$ 4,483	3.49%	1.24%	1.24%
4							
5	Small Commercial	66	68	2	3.50%	0.00%	0.00%
6	Measured Service:						
7	Regular Domestic	(1,644)	(1,702)	(58)	3.50%	-0.02%	-0.02%
8	Restaurant, Motels, Grocery, Dry Cleaning	3,014	3,119	105	3.50%	0.03%	0.03%
9	Effluent Sales	(3,287)	(3,287)	-	0.00%	-0.03%	-0.03%
10	Subtotal Revenue Annualization	\$ 126,683	\$ 131,217	\$ 4,534	3.58%	1.22%	1.23%
11							
12	<u>Misc Service Revenues</u>						
13	Misc Revenues	\$ 463,236	\$ 463,236	\$ -	0.00%	4.47%	4.33%
14	Third Party Revenues (not on GL)	\$ 44,984	\$ 44,984	-	0.00%	0.43%	0.42%
15	Reconciling Amount to C-1	0	(404)	(404)	0.00%	0.00%	0.00%
16	Totals	\$ 10,362,796	\$ 10,704,022	\$ 341,225	3.29%	100.00%	100.00%
17							
18							
19							
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Litchfield Park Service Company - Wastewater Division dba Liberty Utilities
 Test Year Ended December 31, 2012
 Analysis of Revenue by Detailed Class
 Special Rate Commercial Customers Pay Standard Commercial Rate

Proposed Final Schedule H-2
 Page 1
 Witness: Bourassa

Line No.	Customer Classification	Average Number of Customers at 12/31/2012	Average Water Use	Average Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	Residential	15,692	N/A	\$ 38.99	\$ 40.35	\$ 1.36	3.488%
2	Residential - Low Income						
3	Residential HOA 145	1	N/A	5,653.55	5,850.75	197.20	3.488%
4	Residential HOA 172	1	N/A	6,706.28	6,940.20	233.92	3.488%
5	Residential HOA 560	1	N/A	21,834.40	22,596.00	761.60	3.488%
6							
7	Multi-Unit Housing						
8	Multi-Unit 3	8	N/A	108.57	112.38	3.81	3.509%
9	Multi-Unit 5	2	N/A	180.95	187.30	6.35	3.509%
10	Multi-Unit 6	4	N/A	144.76	149.84	5.08	3.509%
11	Multi-Unit 7	36	N/A	253.33	262.22	8.89	3.509%
12	Multi-Unit 8	2	N/A	289.52	299.68	10.16	3.509%
13	Multi-Unit 13	11	N/A	470.47	486.98	16.51	3.509%
14	Multi-Unit 15	41	N/A	542.85	561.90	19.05	3.509%
15	Multi-Unit 16	1	N/A	579.04	599.36	20.32	3.509%
16	Multi-Unit 17	1	N/A	615.23	636.82	21.59	3.509%
17							
18	Multi-Unit 22	1	N/A	796.18	824.12	27.94	3.509%
19	Multi-Unit 43	1	N/A	1,556.17	1,610.78	54.61	3.509%
20	Multi-Unit 84	1	N/A	3,039.96	3,146.64	106.68	3.509%
21	Multi-Unit 78	1	N/A	2,822.82	2,921.88	99.06	3.509%
22	Multi-Unit 123	2	N/A	4,451.37	4,607.58	156.21	3.509%
23	Multi-Unit 282	1	N/A	10,205.58	10,563.72	358.14	3.509%
24							
25	Small Commercial	95	N/A	65.93	68.24	2.31	3.504%
26	Measured Service:						
27	Regular Domestic	169	55,837	216.71	224.29	7.58	3.499%
28	Restaurant, Motels, Grocery, Dry Cleaning	72	92,066	432.79	447.94	15.15	3.500%
29							
30	Wigwam Resort - Per Room	1	N/A	11,942.70	12,361.80	419.10	3.509%
31	Wigwam Resort - Main	1	N/A	1,433.30	1,483.47	50.17	3.500%
32							
33	Elementary Schools	6	N/A	975	1,009	34.11	3.500%
34	Middle and High Schools	4	N/A	1,147	1,187	40.13	3.500%
35	Community College	1	N/A	1,777	1,840	62.21	3.500%
36							
37	Effluent Sales (\$125 per acre foot)	0	2,964,633	1,127	1,127	-	0.000%
38	Effluent Sales (\$100 per acre foot)	4	4,321,326	1,340	1,340	-	0.000%
39	Effluent Sales (\$200 per acre foot)	0	2,308,900	1,593	1,593	-	0.000%
40	Total	16,161					
41							
42							

Litchfield Park Service Company - Wastewater Division dba Liberty Utilities
Present and Proposed Rates
Test Year Ended December 31, 2012

Exhibit
 Proposed Final Schedule H-3
 Page 1
 Witness: Bourassa

Line No.		Present Rates	Proposed Rates	Change	Percent Change
1					
2	<u>Customer Classification</u>				
3					
4	Monthly Charge for:				
5	Monthly Residential Service	\$ 38.99	\$ 40.35	\$ 1.36	3.49%
6					
7	Multi-Unit Housing - Monthly per Unit	\$ 36.19	\$ 37.46	\$ 1.27	3.51%
8					
9	Commercial:				
10	Small Commercial - Monthly Service	\$ 65.93	\$ 68.24	\$ 2.31	3.50%
11	Measured Service:				
12	Regular Domestic:				
13	Monthly Service Charge	\$ 36.91	\$ 38.20	\$ 1.29	3.49%
14	Commodity Charge per 1,000 gallons	\$ 3.22	\$ 3.33	\$ 0.11	3.50%
15					
16	Restaurant, Motels, Grocery Stores & Dry Cleaning Estab. ¹				
17	Monthly Service Charge	\$ 36.91	\$ 38.20	\$ 1.29	3.49%
18	Commodity Charge per 1,000 gallons	\$ 4.30	\$ 4.45	\$ 0.15	3.50%
19					
20	Wigwam Resort:				
21	Monthly Rate - Per Room	\$ 36.19	\$ 37.46	\$ 1.27	3.51%
22	Main Hotel Facilities - Per Month	\$ 1,433.30	\$ 1,483.47	\$ 50.17	3.50%
23					
24	Schools - Monthly Service Rates:				
25	Elementary Schools	\$ 974.64	\$ 1,008.75	\$ 34.11	3.50%
26	Middle Schools	\$ 1,146.64	\$ 1,186.77	\$ 40.13	3.50%
27	High Schools	\$ 1,146.64	\$ 1,186.77	\$ 40.13	3.50%
28	Community College	\$ 1,777.29	\$ 1,839.50	\$ 62.21	3.50%
29					
30	Effluent ²	Market	Market		

¹ Motels without restaurants charged multi-unit monthly rate.

² Market Rate - Maximum effluent rate shall not exceed \$430 per acre foot based on a potable water rate of \$1.32 per thousand gallons.

Litchfield Park Service Company - Wastewater Division dba Liberty Utilities
Changes in Representative Rate Schedules
Test Year Ended December 31, 2012

Exhibit
Proposed Final Schedule H-3
Page 2
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-603D (a)	\$ 20.00	\$ 20.00
2	Establishment (After Hours) per Rule R14-2-603D (a)	\$ 40.00	NT
3	Re-Establishment of Service per Rule R14-2-603D (a)	(b)	(b)
4	Reconnection (Regular Hours) per Rule R14-2-603D (a)	\$ 50.00	\$ 20.00
5	Reconnection (After Hours) per Rule R14-2-603D (a)	\$ 65.00	NT
6	NSF Check, per Rule R14-2-608E (a)	\$ 25.00	\$ 25.00
7	Deferred Payment, Per Month	1.50%	1.50%
8	Late Charge (c)	(c)	(c)
9	Service Calls - Per Hour/After Hours(e)	\$ 40.00	\$ 40.00
10	Deposit Requirement	(e)	(e)
11	Deposit Interest	3.50%	6.00%
12	Service Lateral Connection Charge- All Sizes	(f)	(f)
13	Main Extension Tariff, per Rule R14-2-606B	(g)	(g)
14			
15			
16			
17	(a) Charges are applicable to wastewater service.		
18	(b) Minimum charge times number of full months off the system. per Rule R14-2-603D.		
19	(c) Greater of \$5.00 or 1.5% of unpaid balance.		
20	(d) No charge for service calls during normal working hours.		
21	(e) After hours service charge is appropriate when it is at the customer's request or convenience. It compensates the utility		
22	for additional expenses incurred for providing after-hours services. It is appropriate to apply this charge for any utility		
23	service provided after hours at the customer's request or for the customer's convenience.		
24	(e) Per ACC Rules R14-2-603B <u>Residential</u> - two times the average bill.		
25	<u>Non-residential</u> - two and one-half times the average bill.		
26	(f) At cost. Customer/Developer shall install or cause to be installed all Service Laterals as a		
27	non-refundable contribution-in-aid of construction.		
28	(g) All Main Extensions shall be completed at cost and shall be treated as non-refundable		
29	contribution-in-aid of construction.		
30			
31			
32	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
33	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
34	TAX. PER COMMISSION RULE 14-2-409D(5).		
35			
36			
37			
38			
39			

Water SIB Table I

Table 7 Water Capital Project Summary Litchfield Park Facilities Assessment, Volume 2 - Water Liberty Utilities									
Project No.	NARUC Acct No. (SIB-eligible plant) 331 - 120 Mains 333 - Services 334 - Meters 335 - Hydrants	Replacement Plant Description				Replacement Plant			
		Pipe Length/Quantity	Diameter/Size	Material	Installed Cost per Unit (Estimated)	PWS ID No.	Site (location description)	Expected In-Service Date	Estimated Subtotal Cost (by NARUC Acct No.)
1A	331	2,579	6"	DIP	\$105.89	04-07046	Bird Lane		\$273,100
1B	333	30	1"	Type "K" Copper	\$2,500.00	04-07046	Bird Lane		\$75,000
1C	334	30	1"	Sensus or Equal	\$626.67	04-07046	Bird Lane	Year 1	\$18,800
1D	335	6	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,233.33	04-07046	Bird Lane		\$37,400
2A	331	3,440	6" & 12"	DIP	\$105.90	04-07046	Redondo Drive		\$364,300
2B	333	46	1"	Type "K" Copper	\$2,500.00	04-07046	Redondo Drive		\$115,000
2C	334	46	1"	Sensus or Equal	\$626.09	04-07046	Redondo Drive	Year 1	\$28,800
2D	335	7	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,228.57	04-07046	Redondo Drive		\$43,600
									\$551,700

1. Provide narrative why Replacement Asset is necessary.
- replacement of existing asset that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
- replacement of existing asset for other reasons supported by persuasive showing by utility
 2. Provide narrative explaining why this asset is a priority.
 3. Provide narrative explaining how replacing this asset will benefit existing customers.
 4. Provide affirmation that Replacement Asset does not include the costs for extending or expanding facilities to serve new customers.
 5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance, and repair/replacement program.
1. Water main replacement is necessary because the pipe is at the end of its design life. Installed in 1962. Also, this stretch of Bird Lane from Old Litchfield Road to Pejero Lane requires open cut trench replacement of the sewer pipeline and laterals. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 2. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 3. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.
1. Water main replacement is necessary because the pipe is at the end of its design life. Installed in 1955. It is located in the Redondo Drive loop subdivision and the sewer pipes are recommended for replacement due to deteriorated condition. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 2. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 3. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.

Water SIB Table I

Table 7 Water Capital Project Summary Litchfield Park Facilities Assessment, Volume 2 - Water Liberty Utilities									
Project No.	NARUC Acct No. (SIB-eligible plant) 309 - Supply Mains 331 - T&D Mains 333 - Service 334 - Meters 335 - Hydrants	Replacement Plant Description				Replacement Plant			
		Pipe Length / Quantity	Diameter/ Size	Material	Installed Cost per Unit (Estimated)	PWS ID No.	Site (location description)	Expected In-Service Date	Estimated Subtotal Cost (by NARUC Acct No.)
3A	331	6,330	6" & 12"	DIP	\$105.89	04-07046	Laguna Drive and Bahia Lane		\$670,300
3B	333	142	1"	Type "K" Copper	\$2,500.00	04-07046	Laguna Drive and Bahia Lane	Year 2	\$355,000
3C	334	142	1"	Sensus or Equal	\$625.35	04-07046	Laguna Drive and Bahia Lane		\$88,800
3D	335	13	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,230.77	04-07046	Laguna Drive and Bahia Lane		\$81,000
4A	331	2,357	6" & 12"	DIP	\$114.30	04-07046	Neolin Ave		\$269,400
4B	333	12	1"	Type "K" Copper	\$2,500.00	04-07046	Neolin Ave	Year 2	\$30,000
4C	334	12	1"	Sensus or Equal	\$625.00	04-07046	Neolin Ave		\$7,500
4D	335	5	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,240.00	04-07046	Neolin Ave		\$31,200

- Provide narrative why Replacement Asset is necessary
 - replacement of existing asset that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
 - replacement of existing asset for other reasons supported by persuasive showing by utility
 - Provide narrative explaining why this asset is a priority.
 - Provide narrative explaining how replacing this asset will benefit existing customers.
 - Provide affirmation that Replacement Asset does not include the costs for extending or expanding facilities to serve new customers.
 - Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance, and repair/replacement program.
- Water main replacement is necessary because the pipe is approaching the end of its design life (installed in 1968) and replacement will satisfy current design criteria for fire flows. It is located along Laguna Drive and Bahia Lane, southeast of Old Litchfield Rd and Wigwam Blvd. Service line replacement is necessary to ensure system integrity. The sewer pipelines in the vicinity are recommended for replacement due to inadequate slopes and debris accumulation. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time.
 - Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 - Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 - Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 - Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.
- Water main replacement is necessary because the pipe is at the end of its design life (installed in 1956) and replacement will satisfy current design criteria for fire flows. It is located along Neolin Avenue and Wigwam Blvd. The sewer pipelines in the vicinity are recommended for replacement due to failed materials and conditions that can lead to overflows. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time.
 - Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 - Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 - Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 - Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.

September 2013

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Water SIB Table I

Table 7 Water Capital Project Summary Litchfield Park Facilities Assessment, Volume 2 - Water Liberty Utilities									
Project No.	NARUC Acct No. (SIB-eligible plant) 330 - Supply Mains 331 - TAD Mains 333 - Services 334 - Meters 335 - Hydrants	Replacement Plant Description				Replacement Plant			
		Pipe Length / Quantity	Diameter / Size	Material	Installed Cost per Unit (Estimated)	PWS ID No.	Site (location description)	Expected In-Service Date	Estimated Subtotal Cost (by NARUC Acct No.)
5A	331	3,942	6" & 12"	DIP	\$127.04	04-07046	South La Loma Ave		\$500,800
5B	333	3	1"	Type "K" Copper	\$2,500	04-07046	South La Loma Ave		\$7,500
5C	334	3	1"	Sensus or Equal	\$633.33	04-07046	South La Loma Ave	Year 3	\$1,900
5D	335	8	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,225.00	04-07046	South La Loma Ave		\$49,800
6A	331	14,630	6" & 12"	DIP	\$119.79	04-07046	Villa Nueva		\$1,752,500
6B	333	166	1"	Type "K" Copper	\$2,500.00	04-07046	Villa Nueva		\$415,000
6C	334	166	1"	Sensus or Equal	\$625.30	04-07046	Villa Nueva	Year 3	\$103,800
6D	335	30	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,226.67	04-07046	Villa Nueva		\$186,800
7A	331	7,693	6" & 12"	DIP	\$107.34	04-07046	Old Litchfield Rd		\$825,800
7B	333	41	1"	Type "K" Copper	\$2,500.00	04-07046	Old Litchfield Rd		\$102,500
7C	334	41	1"	Sensus or Equal	\$626.83	04-07046	Old Litchfield Rd	Year 4	\$25,700
7D	335	16	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,225.00	04-07046	Old Litchfield Rd		\$99,600

1. Provide narrative why Replacement Asset is necessary
 - replacement of existing asset that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
 - replacement of existing asset for other reasons supported by persuasive showing by utility
 2. Provide narrative explaining why this asset is a priority.
 3. Provide narrative explaining how replacing this asset will benefit existing customers.
 4. Provide affirmation that Replacement Asset does not include the costs for extending or expanding facilities to serve new customers.
 5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance, and repair/replacement program.
1. Water main replacement is necessary because the pipe is approaching the end of its design life, installed in 1965. It is located along La Loma Ave and Hoveysuckle St NW of Old Litchfield and Wigwam Blvd. The area has been planned out as the City of Litchfield's future City Hall when funds become available. The sewer lines are recommended for replacement due to corroded material and overflow potential.
 2. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 3. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.
1. Water main replacement is necessary because the pipe is approaching the end of its design life (installed in 1966) and replacement will satisfy current design criteria for fire flows. It is located in the southeast portion of Litchfield Park throughout the Villa Nueva subdivision. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time.
 2. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 3. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.
1. The sewer pipes are recommended for replacement due to deteriorated condition and overflow potential. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time. Water main replacement will also satisfy current design criteria for fire flows by upsizing pipelines.
 2. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 3. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.

Water SIB Table I

Table 7 Water Capital Project Summary Litchfield Park Facilities Assessment, Volume 2 - Water Liberty Utilities									
Project No.	NARUC Acct No. (SIB- eligible plant) 339 - Supply Mains 331 - T&D Mains 333 - Services 334 - Meters 335 - Hydrants	Replacement Plant Description				Replacement Plant			
		Pipe Length / Quantity	Diameter / Size	Material	Installed Cost per Unit (Estimated)	PWS ID No.	Site (location description)	Expected In-Service Date	Estimated Subtotal Cost (by NARUC Acct No.)
8A	331	10,283	6" & 12"	DIP	\$116.76	04-07046	North of Bird Lane		\$1,200,600
8B	333	96	1"	Type "K" Copper	\$2,500.00	04-07046	North of Bird Lane	Year 4	\$240,000
8C	334	96	1"	Sensus or Equal	\$625.00	04-07046	North of Bird Lane		\$60,000
8D	335	21	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,228.57	04-07046	North of Bird Lane		\$130,800
9A	331	6,282	6"	DIP	\$105.89	04-07046	North La Loma Ave		\$665,200
9B	333	71	1"	Type "K" Copper	\$2,500.00	04-07046	North La Loma Ave	Year 5	\$177,500
9C	334	71	1"	Sensus or Equal	\$625.35	04-07046	North La Loma Ave		\$44,400
9D	335	13	5 1/4"	Waterous Pacer, Mueller Centurion, Clow Medallion or Equal	\$6,230.77	04-07046	North La Loma Ave		\$81,000
									\$9,160,400

1. Provide narrative why Replacement Asset is necessary
 - replacement of existing asset that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
 - replacement of existing asset for other reasons supported by persuasive showing by utility
 2. Provide narrative explaining why this asset is a priority.
 3. Provide narrative explaining how replacing this asset will benefit existing customers.
 4. Provide affirmation that Replacement Asset does not include the costs for extending or expanding facilities to serve new customers.
 5. Provide reference to related page No. in the submitted Detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance, and repair/replacement program.
1. Water main replacement is necessary because the pipe is at the end of its design life (installed in 1982) and replacement will satisfy current design criteria for fire flows. It is located in the subdivision north of Bird Lane. The sewer infrastructure in the vicinity is also recommended for replacement due to deteriorated conditions. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time.
 2. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 3. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.
1. Water main replacement is necessary because the pipe is nearing the end of its design life (installed in 1985) and replacement will satisfy current design criteria for fire flows. It is located along La Loma Drive north of Fairway Dr and almost curving to Old Litchfield Rd. The sewer infrastructure in the vicinity is also recommended for replacement due to deteriorated conditions. It would be advantageous from a surface restoration cost perspective, to replace the aging water pipeline and services at the same time.
 2. Replacing pipes and service lines are a priority to avoid water delivery interruptions and avoid expensive repairs.
 3. Replacing pipes and service lines benefits existing customers by improving water supply reliability.
 4. Pipe replacements are entirely in established, fully developed neighborhoods and do not serve new water customers.
 5. Sections 3.1 and 3.2 in the report explain the modes of pipeline failure. In this case, the failure mode is mortality and efficiency.

Wastewater SIB Table I

Table 7 Sewer Capital Project Summary Litchfield Park Facilities Assessment, Volume 1 - Sewer Liberty Utilities											
Project No.	NARUC Act No. (SIB-eligible plant)	Replacement Plant Description (new plant) (SIB-eligible plant)				ADEQ WW Inventory ID No.	Site (location description)	Replacement Plant			Notes
		Description	Pipe Length/Quantity	Diameter/Size	Material	Installed Cost/ Unit (estimated)		Expected In-Service Date	Estimated Subtotal Cost (by NARUC Act No.)	Estimated Subtotal Cost (by project)	
1A	361 Gravity Collecting Sewers	Replace sewer pipe	2,347	12-inch	PVC	\$139.70	Bird Lane	Year 1	\$327,900		1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - addressing excessive infiltration and inflow (I/I), showing excessive I/I adversely affecting treatment plant, if applicable - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide information that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers. 5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance and repair/replacement program. 6. If addressing I/I, evaluate the extent of I/I along with the frequency, duration and volume of wet weather conditions and any other factors contributing to I/I. 7. This project will replace unlined concrete pipe installed in 1962 that is severely deteriorated. The conditions warrant an open cut trench method. It is located in Bird Lane between Old Litchfield Rd and Palero Lane. The manhole and service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency. 8. This segment of pipe is a priority because a blockage of the pipe would potentially affect 30+ homes with either service interruption or sewer backup. Structural collapse of the pipe would affect vehicular traffic on this major east/west leg of Litchfield Park. 9. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance for existing customers. 10. This project does not include extending the sewer service facilities to serve new customers. 11. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference pages 7, 11, and Appendices 3, 4, 5 and 7.
1B	363 Service Laterals, Manholes, Clean-outs	Replace sewer manhole	6	60-inch	Precast concrete, epoxy coated	\$4,817.13	Bird Lane	Year 1	\$29,000	\$375,200	
1C	363	Replace service lateral	30	4-inch	PVC	\$609.35	Bird Lane	Year 1	\$18,300		
2A	361	Replace sewer pipe	2,974	8-inch	PVC	\$121.07	Redondo Drive	Year 1	\$360,100		1. This project will replace unlined concrete pipe installed in 1955 that is moderately deteriorated. It is located in the Redondo Drive loop subdivision. The manhole and service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency. 2. This segment of pipe is a priority because a blockage of the pipe would potentially affect 85+ homes with either service interruption or sewer backup. Structural collapse of the pipe would endanger the community. 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance for existing customers. 4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference pages 7, 11, and Appendices 3, 4 and 5.
2B	363	Replace sewer manhole	17	48-inch	Precast concrete, epoxy coated	\$3,676.32	Redondo Drive	Year 1	\$62,500	\$450,600	
2C	363	Replace service lateral	65	4-inch	PVC	\$431.34	Redondo Drive	Year 1	\$28,000		

Wastewater SIB Table I

Table 7 **Sewer Capital Project Summary**
Litchfield Park Facilities Assessment, Volume 1 - Sewer
Liberty Utilities

Liberty Utilities		Replacement Plant Description (new plant) (SIB-eligible plant)							Replacement Plant			Provide narrative why Replacement Plant is necessary <ul style="list-style-type: none">- replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility- addressing excessive infiltration and inflow (I/I), showing excessive I/I adversely affecting treatment plant, if applicable- replacement of existing plant for other reasons supported by persuasive showing by utility	
NARUC Act No. (SIB-eligible plant)	Project No.	Description	Pipe Length/Quantity	Diameter/Size	Material	Installed Cost/ Unit (estimated)	ADEQ WW Inventory ID No.	Site (location description)	Expected In-Service Date	Estimated Subtotal Cost (by NARUC Act No.)	Estimated Subtotal Cost (by project)		
361 Gravity Collecting Sewers	3A	363 Service Laterals, Manholes, Clean-outs	Replace sewer pipe	4,961	8-inch	PVC	\$121.07	100310	Laguna Drive and Bahia Lane	Year 2	\$600,700		1. Provide narrative explaining why this segment of plant is a priority. 2. Provide narrative explaining how replacing this plant will benefit existing customers. 3. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers. 4. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance and repair/replacement program. 5. If addressing I/I, evaluate the extent of I/I along with the frequency, duration and volume of wet weather conditions and any other factors contributing to I/I.
				Replace sewer pipe	4,961	8-inch	PVC	\$121.07	Laguna Drive and Bahia Lane	Year 2	\$600,700		1. This project will replace vitrified clay pipe installed in 1956 that has exceeded the design life. The pipelines are also lying at slopes too flat to function well as gravity sewer mains. Frequent cleaning is performed to address odor complaints and debris blockages. It is located along Laguna Drive and Bahia Lane, southeast of Old Litchfield Rd and Wigwam Blvd. The brick manholes have heavily deteriorated benches that require repair. The service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency.
	3B		Replace sewer manhole	18	48-inch	Precast concrete, epoxy coated	\$3,676.23	100310	Laguna Drive and Bahia Lane	Year 2	\$66,200	\$727,300	2. This segment of pipe is a priority because a blockage of the pipe of the pipes would potentially affect 140+ homes with either service interruption or sewer backups. Structural collapse of the pipe would endanger the community and depending the location; also affect the nearby near-made Tierra Verde Lake with waterfowl or school-age pedestrians.
	3C		Replace service lateral	140	4-inch	PVC	\$431.34	100310	Laguna Drive and Bahia Lane	Year 2	\$60,400		3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance for existing customers. This project will also prevent a sewer overflow and protect the public health.
	4A		Replace sewer pipe	2,974	12-inch	PVC	\$139.70	100310	Neolin Ave	Year 2	\$415,500		4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 – Sewer, Reference pages 7, 11, and Appendices 3, 4, 5, 6 and 7.
	4B		Replace sewer manhole	14	60-inch	Precast concrete, epoxy coated	\$4,817.13	100310	Neolin Ave	Year 2	\$67,500	\$490,900	1. This project will replace a sewer line with multiple problems. There are different materials, the original concrete installation dated 1955, PVC with an unknown installation. It is located along Neolin Avenue and Wigwam Blvd. Frequent odor complaints are filed in this specific area as well as sewer backups into homes. The manhole and service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency.
	4C		Replace service lateral	13	4-inch	PVC	\$609.35	100310	Neolin Ave	Year 2	\$7,900		2. This segment of pipe is a priority because failure of the pipe would potentially affect 13+ homes and produce sewer backups. 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance for existing customers. This project will also prevent a sewer overflow and protect the public health. 4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 – Sewer, Reference pages 7, 12, and Appendices 3, 4, 5, 6 and 7.

Wastewater SIB Table I

Table 7 Sewer Capital Project Summary Litchfield Park Facilities Assessment, Volume 1 - Sewer Liberty Utilities												
Project No.	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (new plant) (SIB-eligible plant)					ADEQ WW Inventory ID No.	Site (location description)	Replacement Plant			Notes
		Description	Pipe Length/Quantity	Diameter/Size	Material	Installed Cost/Unit (estimated)			Expected In-Service Date	Estimated Subtotal Cost (by NARUC Acct No.)	Estimated Subtotal Cost (by project)	
5A	361 Gravity Collecting Sewers	Replace sewer pipe	2,094	12-inch	PVC	\$104.44	100310	Golf Course	Year 2	\$218,700	\$262,100	1. This project will replace vitrified clay pipe installed in 1982 that has exceeded its design life. Unsuccessful field inspection attempts may indicate that the pipeline is partially collapsed under the golf course. There is an ISI potential associated with this pipeline due to it's location under the golf course. 2. This segment of pipe is a priority because the high probability of collapse would affect courses users and cascade to a detrimental economic impact on the resort. 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance to upstream customers; there is no direct service connections associated with this project. 4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 – Sewer, Reference pages 7, 12, and Appendices 3, 4 and 5.
	363 Service Laterals, Manholes, Clean-outs	Replace sewer manhole	9	60-inch	Precast concrete, epoxy coated	\$4,817.13	100310	Golf Course	Year 2	\$43,400		
6A	361	Replace sewer pipe	2,417	12-inch	PVC	\$93.38	100310	La Loma	Year 3	\$225,700	\$278,200	1. This project will replace concrete pipe installed in 1985. The design life must be re-evaluated due to the corrosive effects on the unprotected concrete material. It is located along La Loma Ave and Honeyuckle St NW of Old Litchfield and Wigwam Blvd. The area has been planned out as the City of Litchfield's future City Hall when funds become available. 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 10+ homes, several businesses and produce sewer backups. Structural collapse of the pipe would affect pedestrian and vehicular traffic should the City Hall construction take place. 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health. 4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 – Sewer, Reference page 7 and Appendices 3, 4 and 5.
6B	363	Replace sewer manhole	9	60-inch	Precast concrete, epoxy coated	\$4,817.13	100310	La Loma	Year 3	\$43,400		
6C	363	Replace service lateral	15	4-inch	PVC	\$609.35	100310	La Loma	Year 3	\$9,100	\$2,177,600	1. This project will replace vitrified clay pipe installed in 1986. It is located in the southeast portion of Litchfield Park throughout the Villa Nueva subdivision. The brick manholes have heavily deteriorated benches that require repair. The service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency. 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 160+ homes and produce sewer backups. Structural collapse of the pipe would endanger the community and vehicular traffic. 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health. 4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 – Sewer, Reference Appendices 3, 4, 5 and 7.
7A	361	Replace sewer pipe	15,274	8-inch & 10-inch	PVC	\$124.26	100310	South Villa Nueva	Year 3	\$1,898,000		
7B	363	Replace sewer manhole	61	48-inch	Precast concrete, epoxy coated	\$3,451.79	100310	South Villa Nueva	Year 3	\$210,600	\$69,000	1. This project will replace vitrified clay pipe installed in 1986. It is located in the southeast portion of Litchfield Park throughout the Villa Nueva subdivision. The brick manholes have heavily deteriorated benches that require repair. The service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency. 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 160+ homes and produce sewer backups. Structural collapse of the pipe would endanger the community and vehicular traffic. 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health. 4. This project does not include extending the sewer service facilities to serve new customers. 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 – Sewer, Reference Appendices 3, 4, 5 and 7.
7C	363	Replace service lateral	160	4-inch	PVC	\$431.34	100310	South Villa Nueva	Year 3	\$69,000		

1. Provide narrative why Replacement Plant is necessary
 - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
 - addressing excessive infiltration and inflow (I/I), showing excessive I/I adversely affecting treatment plant, if applicable
 - replacement of existing plant for other reasons supported by persuasive showing by utility
 2. Provide narrative explaining why this segment of plant is a priority.
 3. Provide narrative explaining how replacing this plant will benefit existing customers.
 4. Provide information that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
 5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance and repair/replacement program.
 6. If addressing I/I, evaluate the extent of I/I along with the frequency, duration and volume of wet weather conditions and any other factors contributing to I/I.
1. This project will replace vitrified clay pipe installed in 1962 that has exceeded the design life. Unsuccessful field inspection attempts may indicate that the pipeline is partially collapsed under the golf course. There is an I/I potential associated with this pipeline due to its location under the golf course.
 2. This segment of pipe is a priority because the high probability of collapse would affect courses users and cascade to a detrimental economic impact on the resort.
 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance to upstream customers; there is no direct service connections associated with this project.
 4. This project does not include extending the sewer service facilities to serve new customers.
 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference pages 7, 12, and Appendices 3, 4 and 5.
1. This project will replace concrete pipe installed in 1965. The design life must be re-evaluated due to the corrosive effects on the unprotected concrete material. It is located along La Loma Ave and Honeycreek St NW of Old Litchfield and Wigwam Blvd. The area has been planned out as the City of Litchfield's future City Hall when funds become available.
 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 10+ homes, several businesses and produce sewer backups. Structural collapse of the pipe would affect pedestrian and vehicular traffic should the City Hall construction take place.
 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health.
 4. This project does not include extending the sewer service facilities to serve new customers.
 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference page 7 and Appendices 3, 4 and 5.
1. This project will replace vitrified clay pipe installed in 1966. It is located in the southeast portion of Litchfield Park throughout the Villa Nueva subdivision. The brick manholes have heavily deteriorated benches that require repair. The service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency.
 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 160+ homes and produce sewer backups. Structural collapse of the pipe would endanger the community and vehicular traffic.
 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health.
 4. This project does not include extending the sewer service facilities to serve new customers.
 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference Appendices 3, 4, 5 and 7.

Wastewater SIB Table I

Table 7 Sewer Capital Project Summary Litchfield Park Facilities Assessment, Volume 1 - Sewer Liberty Utilities											
Project No.	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (new plant) (SIB-eligible plant)				ADEQ WW Inventory ID No.	Site (location description)	Replacement Plant			Notes
		Description	Pipe Length/ Quantity	Diameter/ Size	Material			Installed Cost/ Unit (estimated)	Expected In- Service Date	Estimated Subtotal Cost (by NARUC Acct No.)	
8A	361 Gravity Collecting Sewers	Replace sewer pipe	7,961	8-inch, 10-inch, 12-inch	PVC	100310	Old Litchfield Road	Year 4	\$1,022,700	\$1,138,100	<p>1. Provide narrative why Replacement Plant is necessary</p> <ul style="list-style-type: none">- replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility- addressing excessive infiltration and inflow (I/I), showing excessive I/I adversely affecting treatment plant, if applicable- replacement of existing plant for other reasons supported by persuasive showing by utility <p>2. Provide narrative explaining why this segment of plant is a priority.</p> <p>3. Provide narrative explaining how replacing this plant will benefit existing customers, or expanding facilities to serve new customers.</p> <p>4. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance and repair/replacement program.</p> <p>5. If addressing I/I, evaluate the extent of I/I along with the frequency, duration and volume of wet weather conditions and any other factors contributing to I/I.</p> <p>1. This project will replace concrete pipe on an unknown age. The unprotected material is highly susceptible to advance hydrogen sulfide induced corrosion. The location of the pipeline is critical, crossing the intersection of Camelback Road and Litchfield Road. The uncoated precast manholes require extensive repair to remain as safe access points to the sewer system. Service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency.</p> <p>2. This segment of pipe is a priority because the high probability of collapse would potentially affect downtown Litchfield Park businesses and produce sewer backups as well interrupt traffic at a major intersection.</p> <p>3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health.</p> <p>4. This project does not include extending the sewer service facilities to serve new customers.</p> <p>5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer, Reference Appendices 3, 4, 5 and 7.</p>
	363 Service Laterals, Manholes, Clean-outs										
8B	363	Replace sewer manhole	29	48-inch	Precast concrete, epoxy coated	100310	Old Litchfield Road	Year 4	\$102,100		
8C	363	Replace service lateral	30	4-inch	PVC	100310	Old Litchfield Road	Year 4	\$13,300		
9A	361	Replace sewer pipe	7,846	8-inch	PVC	100310	North of Bird Lane	Year 4	\$949,900		
9B	363	Replace sewer manhole	23	48-inch	Precast concrete, epoxy coated	100310	North of Bird Lane	Year 4	\$80,000	\$1,068,700	
9C	363	Replace service lateral	90	4-inch	PVC	100310	North of Bird Lane	Year 4	\$38,800		
10A	361	Replace sewer pipe	4,835	8-inch	PVC	100310	North La Loma	Year 5	\$561,200		
10B	363	Replace sewer manhole	19	48-inch	Precast concrete, epoxy coated	100310	North La Loma	Year 5	\$69,900	\$661,700	
10C	363	Replace service lateral	71	4-inch	PVC	100310	North La Loma	Year 5	\$30,600		

September 2013

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Wastewater SIB Table I

Table 7 Sewer Capital Project Summary Litchfield Park Facilities Assessment, Volume 1 - Sewer Liberty Utilities										
Project No.	NARUC Act No. (SIB- eligible plant)	Replacement Plant Description (new plant) (SIB-eligible plant)				ADEQ WW Inventory ID No.	Site (location description)	Replacement Plant		
		Description	Pipe Length/ Quantity	Diameter/ Size	Material			Expected In- Service Date	Estimated Subtotal Cost (by NARUC Acct No.)	Estimated Subtotal Cost (by project)
11A	361 Gravity Collecting Sewers	Replace sewer pipe	8,758	8-Inch	PVC	100310	Tierra Verde Lake to Wigwam	Year 5	\$1,060,400	
11B	363 Service Laterals, Manholes, Clean-outs	Replace sewer manhole	44	48-Inch	Precast concrete, epoxy coated	100310	Tierra Verde Lake to Wigwam	Year 5	\$141,300	\$1,290,100
11C	363	Replace service lateral	205	4-Inch	PVC	100310	Tierra Verde Lake to Wigwam	Year 5	\$88,400	
12A	361	Replace sewer pipe	9,656	8-Inch	PVC	100310	West of Staggs Park	Year 5	\$1,169,100	
12B	363	Replace sewer manhole	44	48-Inch	Precast concrete, epoxy coated	100310	West of Staggs Park	Year 5	\$152,700	\$1,416,700
12C	363	Replace service lateral	220	4-Inch	PVC	100310	West of Staggs Park	Year 5	\$94,900	
Estimated Total Cost									\$10,337,200	

1. Provide narrative why Replacement Plant is necessary
 - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility
 - addressing excessive infiltration and inflow (I/I), showing excessive I/I adversely affecting treatment plant, if applicable
 - replacement of existing plant for other reasons supported by persuasive showing by utility
 2. Provide narrative explaining why this segment of plant is a priority.
 3. Provide narrative explaining how replacing this plant will benefit existing customers.
 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
 5. Provide reference to related page No. in the submitted detailed Engineering Analysis supporting the need for SIB. Engineering Analysis shall also include narrative explaining the utility's systematic assessment, inspection, maintenance and repair/replacement program.
1. This project will replace existing clay pipe installed in 1967. It is located between Tierra Verde Lake and Indian School Road up to south of Wigwam Blvd. The manhole and service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency.
 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 200+ homes and produce sewer backups. Structural collapse of the pipe would endanger the community and depending the location; also affect the nearby man-made Tierra Verde Lake with waterflow.
 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health.
 4. This project does not include extending the sewer service facilities to serve new customers.
 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference Appendices 3, 4, 5 and 7.
1. This project will replace existing clay pipe installed in 1973. It is located west of Staggs Park and south of Wigwam Blvd. The manhole and service lateral replacement costs are included to take advantage of cost saving potential and increase construction efficiency.
 2. This segment of pipe is a priority because the high probability of collapse would potentially affect 220+ homes and produce sewer backups. Structural collapse of the pipe would endanger the community and vehicular traffic.
 3. Replacing this portion of the sewer system will provide reliable sanitary sewer conveyance. This project will also prevent a sewer overflow and protect the public health.
 4. This project does not include extending the sewer service facilities to serve new customers.
 5. The Engineering Analysis that supports the need for SIB can be found in the Final Litchfield Park Facilities Assessment, Volume 1 - Sewer. Reference Appendices 3, 4, 5 and 7.

Liberty Utilities (Litchfield Park Water & Sewer) Corp.
Plan of Administration
System Improvement Benefit Mechanism ("SIB")-Water
Docket No. W-01428A-13-0043

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SIB PLANT TABLE I	Exhibit 1
SIB PLANT TABLE II	Exhibit 2
SIB SCHEDULE A - CALCULATION OF OVERALL SIB REVENUE REQUIREMENTS AND EFFICIENCY CREDIT	Exhibit 3
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Liberty Utilities (Litchfield Park Water & Sewer) Corp.
 Plan of Administration
 System Improvement Benefit Mechanism ("SIB")-Water
 Docket No. W-01428A-13-0043

I. GENERAL DESCRIPTION

This document is the Plan of Administration ("POA") for the System Improvement Benefit ("SIB") Mechanism approved for the Water Division of Liberty Utilities (Litchfield Park Water & Sewer) Corp. ("Company") by the Arizona Corporation Commission ("ACC" or "Commission") in Decision No. _____ on _____. The SIB provides for recovery of the capital costs (return on investment, income taxes and depreciation expense) associated with distribution system improvement projects listed in SIB Plant Table I that have been verified to be completed¹ and placed in service per SIB Plant Table II and where costs have not been included in rate base for recovery in Decision No. _____. These projects are necessary to provide and continue to provide proper, adequate and reliable service to existing customers; are not designed to serve or promote customer growth; and will not comprise an upgrade or expansion of existing plant unless justified for existing customers per Section V below. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB.

II. DEFINITIONS

- NARUC – National Association of Regulatory Utility Commissioners.
- SIB – System Improvement Benefit mechanism to be implemented between rate proceedings to support investment in plant recorded in SIB Eligible NARUC accounts.
- SIB Eligible Plant – Investments in plant recorded in SIB Eligible NARUC accounts.
- SIB Eligible NARUC accounts:
 - NARUC Account No. 309 – Supply Mains
 - NARUC Account No. 331 – Transmission and Distribution Mains
 - NARUC Account No. 333 – Services
 - NARUC Account No. 334 – Meters and Meter Installations;
 - NARUC Account No. 335 – Hydrants

¹ Acceptable forms of verifications may include the Maricopa County Environmental Services Department Approval of Construction, a Professional Engineer's Certificate of Completion, etc.

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- SIB Plant Table I (Excerpt attached as Exhibit 1) – The schedule of planned SIB eligible projects approved in the Company's most recent rate case decision.
- SIB Plant Table II (Sample attached as Exhibit 2) – The schedule of completed and verified SIB eligible projects, from SIB Plant Table I and associated retirements.
- SIB Revenue Requirement – The revenue requirement equal to the return on investment, income taxes and depreciation expense necessary to support the SIB Plant Table II amounts.
- SIB Revenue Requirement Efficiency Credit – An amount equal to 5 percent of the SIB Revenue Requirement.
- SIB Authorized Revenue – Amount equal to the SIB Revenue Requirement less the SIB Revenue Requirement Efficiency Credit plus any SIB True up Adjustment.
- Gross SIB Surcharge – Amount to be shown on customers' bills based on meter sizes without consideration to the SIB Surcharge Efficiency Credit.
- SIB Surcharge Efficiency Credit – An amount equal to 5 percent of the Gross SIB Surcharge to be shown on customers' bills.
- SIB Surcharge – The amount equal to the Gross SIB Surcharge less the SIB Surcharge Efficiency Credit to be charged based on meter size, calculated to recover the SIB Authorized Revenue, to be shown on the customers' bills.
- SIB True-up Adjustment – An amount to adjust for over or under collection of the SIB Authorized Revenues as compared with the total SIB Surcharges collected for the preceding 12 month period. Each true-up shall also analyze the cumulative over or under collections to include a comparison of all past SIB Authorized Revenues, total SIB Surcharges, and prior true-ups to be used in calculation of the SIB true-up surcharge or credit.
- Total Revenue Requirement – The revenue requirement approved in Decision No. _____, plus the SIB Revenue Requirement.

III. SIB RELATED FILINGS

- A. Progress Reports – Once a SIB is approved in a decision, the Company must file with Docket Control semi-annual status reports delineating the status of all SIB

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Eligible Plant, on a project by project basis as listed in SIB Plant Table I, starting 6 months after the decision and every 6 months thereafter.

- B. Reconciliation and True Up – Once a SIB Surcharge is implemented, the Company must file annually to true up its SIB Surcharge collections over the preceding twelve months with the SIB Authorized Revenue for that period and establish a surcharge or credit to true up over or under collections, regardless of whether it seeks a new surcharge. The filing dates for these annual true-ups shall be as established in the Commission's Decision approving the SIB Surcharge.
- C. SIB Surcharge Requests – To obtain its SIB Surcharge the Company must file the following:
1. SIB Plant Table II (with supporting information and documentation), showing the SIB eligible projects completed for which the Company seeks cost recovery. Such projects must
 - a) be projects listed in the Company's initial SIB Plant Table I, approved in Decision No. _____, or have been added to said SIB Plant Table I pursuant to Section V of this POA;
 - b) have been completed by the Company;
 - c) have been verified; and
 - d) be actually serving customers.
 2. A summary of Commission approved SIB-eligible projects contemplated for the next twelve (12)-month SIB surcharge period from SIB Plant Table I.
 3. SIB Schedule A (sample attached as Exhibit 3), showing a calculation of the SIB Revenue Requirement and SIB Revenue Requirement Efficiency Credit, SIB Authorized Revenue, Gross SIB Surcharge, SIB Surcharge Efficiency Credit, and the SIB Surcharge. Schedule A shall be supported by revenue requirements schedules supporting the revenue requirements in Decision No. _____ and the pro-forma revenue requirements including the effects of SIB Eligible Plant.
 4. SIB Schedule B (sample as attached Exhibit 4) showing the overall SIB True-up Adjustment calculation for the prior twelve-month SIB Surcharge period, as well as the individual SIB True-up Adjustment for each meter size.

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5. SIB Schedule C (sample as attached as Exhibit 5) showing the effect of the SIB Surcharge on a typical residential customer bill for both median and average usage.
6. SIB Schedule D (sample as attached Exhibit 6) which shall include an analysis of the impact of the SIB Eligible Plant on the fair value rate base, revenue, and the fair value rate of return. The Company shall also file the following:
 - a) the most current balance sheet at the time of the filing;
 - b) the most current income statement;
 - c) an earnings test schedule;
 - d) a rate review schedule (including the incremental and pro forma effects of the proposed increase);
 - e) an adjusted rate base schedule; and
 - f) a Construction Work in Progress ledger (for each project showing accumulation of charges by month and paid vendor invoices).
- D. The Company will maintain and provide Excel schedules with formulae intact supporting the revenue requirements approved in the rate decision that approved the SIB and provide same Excel schedules to incorporate the effects of SIB Eligible Plant for the current SIB Surcharge Request and any previously approved Surcharge and True-up requests.
- E. The Company may make its initial SIB Surcharge Request through Docket Control no earlier than twelve months after the entry of Decision No. _____.
- F. The Company may make no more than one SIB Surcharge Request every twelve months with no more than five SIB Surcharge Requests between rate case decisions. A True-up must be filed with each Surcharge Request, except the first.
- G. Unless otherwise authorized by the Commission, the Company shall be required to file its next general rate case no later than June 30, 2019, with a test year ending no later than December 31, 2018.

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- H. Any SIB Surcharges that are in effect shall be reset to zero upon the date new rates become effective in the Company's next general rate case.
- I. The Company may request to add Plant to SIB Table I only under emergency circumstances. Any additions or modifications to SIB Plant Table I must be approved by the Commission.

IV. SURCHARGE CALCULATIONS

A. Calculations of Amounts to Be Collected By the SIB Surcharge

- 1. The amount to be collected by the SIB Authorized Revenue shall be equal to the SIB Revenue Requirement minus the SIB Revenue Requirements Efficiency Credit plus any SIB True up Adjustment.

For purposes of calculating the SIB Revenue Requirement:

- a. The required rate of return is equal to the overall rate of return authorized in Decision No. _____.
 - b. The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. _____; and
 - c. The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. _____.
- 2. The project cost to be used in calculating the SIB Revenue Requirement shall be the lesser of the actual project cost listed in SIB Plant Table II or 110 percent of the estimated cost listed in SIB Plant Table I as approved in Decision No. _____. Unit costs shall be used if actual units constructed are less than estimated in SIB Plant Table I.
 - 3. The amount to be collected by each SIB Surcharge Request shall be capped annually at five percent of the revenue requirement authorized in Decision No. _____.

B. Reconciliation And True-Ups

- 1. The revenue collected by the total SIB Surcharges over the preceding twelve months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.

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System Improvement Benefit Mechanism ("SIB")-Water
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2. A new SIB Surcharge shall be combined with an existing SIB Surcharge such that a single SIB surcharge and SIB Efficiency Credit are shown on a customer's bill.
3. For each twelve (12) month period that a SIB surcharge is in effect, the Company shall reconcile the amounts collected by the SIB Surcharge with the SIB Authorized Revenue, for that twelve (12)-month period, consistent with Schedule B, attached hereto as Exhibit B.
4. Any under- or over-collected SIB Authorized Revenues shall be recovered or refunded, without interest, over a twelve-month period by means of a SIB True-up Surcharge or Credit.
5. Starting with the second annual SIB Surcharge, where there are over or under-collected balances, such over or under-collected balances shall be carried over to the next year, and considered in the calculation of the new SIB True-up Surcharge or Credit. If, after the five-year period there remains an over or under-collected balance, such balance shall be reset to zero, and addressed in the next rate case.

C. Earnings Test

1. Once a SIB Surcharge is in effect, the Company shall be required to perform an annual earnings test calculation for each SIB Surcharge Request to determine whether the actual rate of return reflected by the operating income for the affected system or division for the relevant 12-month period exceeded the most recently authorized fair value rate of return for the affected system or division.

The earnings test shall be:

- a) based on the most recent available operating income,
- b) adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case; and
- c) based on the rate base adopted in the most recent general rate case, updated to recognize changes in plant, accumulated depreciation, contributions in aid of construction, advances in aid of construction, and accumulated deferred income taxes through the most recent available financial statement (quarterly or longer).

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V. ADDING PROJECTS TO SIB TABLE I UNDER EMERGENCY CIRCUMSTANCES

- A. The Company can seek Commission approval to add projects in SIB Plant Table I only in the event of emergency circumstances. No such changes may be made without Commission approval.
- B. Any addition to SIB Plant Table I must be plant investment that maintains or improves existing customer service, system reliability, integrity and safety. Eligible plant additions are limited to plant replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.
- C. To be eligible for SIB treatment, a project must be SIB Eligible Plant.
- D. SIB Eligible Plant must satisfy at least one of the following conditions:
 - 1. Water loss for the system exceeds ten (10) percent, as calculated by the following formula: $((\text{Volume of Water Produced and/ or Purchased}) - (\text{Volume of Water Sold} + \text{Volume of Water Put to Beneficial Use})) \div (\text{Volume of Water Produced and/or Purchased})$. If the Volume of Water Put to Beneficial Use is not metered, it shall be established in a reliable, verifiable manner.
 - 2. Plant assets that have remained in service beyond their useful service lives (based on the Company's system's authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;
 - 3. Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than the Company's negligence or improper maintenance, including, but not limited to:
 - a. A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life (e.g. black poly pipe);
 - b. Meter replacements for systems that have implemented a meter testing and maintenance program in compliance with A.A.C. R14-2-408(E) or the applicable tariff.

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- c. Meters replaced in a system for the purpose of complying with the United States Environmental Protection Agency's Reduction of Lead in Drinking Water Act of 2010; and
- d. Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision if the Company can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.

VI. RATE DESIGN

A. The SIB Surcharge rate design shall be calculated as follows:

- 1) The SIB Surcharge shall be a fixed monthly surcharge containing a Gross SIB Surcharge and the SIB Surcharge Efficiency Credit as its two components.
- 2) The SIB Surcharge shall be calculated by dividing the SIB Authorized Revenue by the number of equivalent active 5/8-inch meters at the end of the most recent twelve (12) month period, and shall increase with meter size based on the following meter capacity multipliers:

5/8-inch x 1/2-inch	1.0 times
3/4-inch	1.5 times
1-inch	2.5 times
1 1/2-inch	5 times
2-inch	8 times
3-inch	16 times
4-inch	25 times
6-inch	50 times
8-inch	80 times
10-inch	115 times
12-inch & above	215 times

B. The SIB Surcharge shall apply to all of the Company's metered customers, including private fire service customers.

VII. SURCHARGE IMPLEMENTATION

A. SIB surcharges shall not become effective until approved by the Commission.

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- B. At least 30 days prior to the SIB surcharge becoming effective, the Company shall provide public notice in the form of a billing insert or customer letter in a form acceptable to Staff. Such notice shall include the following information:
1. The individual Gross SIB Surcharge, by meter size;
 2. The individual SIB Surcharge Efficiency Credit, by meter size;
 3. SIB Surcharge, by meter size; and
 4. Directions where the customer may obtain a summary of the projects included in the current SIB Surcharge Request, including a description of each project and its cost.

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DRAFT

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.

Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

SIB Schedule A

Line No.	[A]	[B]
<u>CALCULATION OF OVERALL SIB REVENUE REQUIREMENT & EFFICIENCY CREDIT</u>		
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WATER DIVISION		
	\$ 12,622,779	
	5.00%	
		\$ 631,139
	\$ 956,000	
	9,560	
	\$ 946,440	
	13.76%	
	\$ 130,233	
	2.00%	
	\$ 19,120	
	\$ 5,000	
	\$ 14,120	
		\$ 144,353
		\$ -
		\$ 144,353
	-5.00%	
		\$ (7,218)

DECISION NO.

74437

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

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Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

Line No.	[A]	[B]	[C]	[D]		[E]		[F]		[G]	
				SIB Surcharge		SIB Surcharge		SIB Efficiency Credit		SIB Efficiency Credit	
	Customer Meter Size	No. of Customers 12/31/2012	Meter Multiplier	Individual Fixed Surcharge	Annual Revenue by Meter Size	Individual Fixed Surcharge	Annual Revenue by Meter Size	Individual Fixed Credit	Annual Refund by Meter Size	Individual Fixed Credit	Annual Refund by Meter Size
	5/8 x 3/4-inch and 3/4-inch	9,817	1	\$ 0.38	\$ 44,823	\$ 0.38	\$ 44,823	\$ (0.02)	\$ (2,231.15)	\$ (0.02)	\$ (2,231.15)
	1-inch	6,141	2.5	\$ 0.95	\$ 69,784	\$ 0.95	\$ 69,784	\$ (0.05)	\$ (3,489.22)	\$ (0.05)	\$ (3,489.22)
	1 1/2-inch	194	5	\$ 1.89	\$ 4,409	\$ 1.89	\$ 4,409	\$ (0.09)	\$ (220.46)	\$ (0.09)	\$ (220.46)
	2-inch	616	8	\$ 3.03	\$ 22,400	\$ 3.03	\$ 22,400	\$ (0.15)	\$ (1,120.01)	\$ (0.15)	\$ (1,120.01)
	3-inch	-	16	\$ 6.08	\$ -	\$ 6.08	\$ -	\$ (0.30)	\$ -	\$ (0.30)	\$ -
	4-inch	18	25	\$ 9.47	\$ 2,045	\$ 9.47	\$ 2,045	\$ (0.47)	\$ (102.27)	\$ (0.47)	\$ (102.27)
	6-inch	-	50	\$ 18.94	\$ -	\$ 18.94	\$ -	\$ (0.95)	\$ -	\$ (0.95)	\$ -
	8-inch	3	80	\$ 30.30	\$ 1,091	\$ 30.30	\$ 1,091	\$ (1.52)	\$ (54.55)	\$ (1.52)	\$ (54.55)
	10-inch	-	115	\$ 43.56	\$ -	\$ 43.56	\$ -	\$ (2.18)	\$ -	\$ (2.18)	\$ -
	Totals	16,789	-	\$ -	\$ 144,353	\$ -	\$ 144,353	\$ -	\$ (7,218)	\$ -	\$ (7,218)
	Overall SIB Revenue Requirement (p. 1, ln. 32)							\$ 144,353		\$ 0.38	
	Individual SIB Fixed Surcharge Per 5/8 x 3/4-inch Equivalent Meter (ln. 24 + col. C, ln. 19 + 12)										
	Overall SIB Efficiency Credit (p. 1, ln. 36)							\$ (7,218)		\$ (0.02)	
	Individual SIB Fixed Efficiency Credit Per 5/8 x 3/4-inch Equivalent Meter (ln. 28 + col. C, ln. 19 + 12)										

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.
Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2013

SIB Schedule B

Line No.	CALCULATION OF OVERALL SIB REVENUE TRUE-UP FROM PRIOR 12-MONTH SIBA SURCHARGE PERIOD		WATER DIVISION
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LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.

Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

Line No.	[A]	[B]	[C]	[D]	[E]
	<u>CALCULATION OF INDIVIDUAL SIB FIXED TRUE-UP SURCHARGE/CREDIT</u>				
	Customer Meter Size	No. of Customers 12/31/2012	Meter Multiplier	5/8 x 3/4-inch Equivalent Meters (C x F)	SIB True-Up Surcharge/(Credit) Fixed Surcharge / (Credit) Annual Revenue by Meter Size
1	5/8 x 3/4-inch	9,817	1	9,817	0.06 \$ 6,843
2	1-inch	6,141	2.5	15,353	0.15 \$ 10,701
3	1 1/2-inch	194	5	970	0.29 \$ 676
4	2-inch	616	8	4,928	0.46 \$ 3,435
5	3-inch	-	16	-	0.93 \$ -
6	4-inch	18	25	450	1.45 \$ 314
7	6-inch	-	50	-	2.90 \$ -
8	8-inch	3	80	240	4.65 \$ 167
9	10-inch	-	115	-	6.68 \$ -
10	Totals	16,789		31,758	\$ 22,135
24	Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (p. 1, ln. 14)				\$ 22,135
25	Individual SIB Fixed True-Up Surcharge/(Credit) Per 5/8 x 3/4-inch Equivalent Meter (ln. 24 + col. C, ln. 19 + 12)				0.06

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.
Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2013

SIB Schedule C

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
							</

Residential Bill at Average Consumption of 8,827 Gallons

Basic Service Charge

Commodity Rate Per 1,000 Gallons

0 - 3,000 Gallons
3,001 - 10,000 Gallons
10,001 - 20,000 Gallons
Over 20,000 Gallons

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.

Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

SIB Schedule D

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
				WATER DIVISION			
Line No.	Per Decision XXXXX	Net SIB Step-1 Increase	Net SIB Step-2 Increase	Net SIB Step-3 Increase	Net SIB Step-4 Increase	Net SIB Step-5 Increase	Pro Forma With SIB
1	\$ 12,622,779	\$ 137,135	\$ -	\$ -	\$ -	\$ -	\$ 12,759,914
2							
3	Operating Expenses						
4	Operations & Maintenance	\$ 4,952,963	\$ -	\$ -	\$ -	\$ -	\$ 4,952,963
5	Depreciation & Amortization	2,627,581	14,120	-	-	-	2,641,701
6	Taxes Other than Income	553,998	-	-	-	-	553,998
7	Income Taxes	1,589,809	45,047	-	-	-	1,634,856
8	Total Operating Expenses	\$ 9,724,351	\$ 59,167	\$ -	\$ -	\$ -	\$ 9,783,518
9							
10	Operating Income (ln. 1 - ln. 8)	\$ 2,898,428	\$ 77,969	\$ -	\$ -	\$ -	\$ 2,976,397
11							
12	Interest Expense						
13	Weighted Avg. Cost of Debt	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%
14	Interest Expense (ln. 13 x ln. 19)	\$ 336,246	\$ 9,613	\$ -	\$ -	\$ -	\$ 345,859
15							
16	Net Income (ln. 10 - ln. 14)	\$ 2,562,182	\$ 68,356	\$ -	\$ -	\$ -	\$ 2,630,538
17							
18							
19	Rate Base - O.C.L.D.	\$ 33,105,506	\$ 946,440	\$ -	\$ -	\$ -	\$ 34,051,946
20							
21	Return on Rate Base - O.C.L.D. (ln. 10 + ln. 19)	8.76%	8.24%	0.00%	0.00%	0.00%	8.74%
22							
23	Authorized Return on Rate Base	8.76%	8.76%	8.76%	8.76%	8.76%	8.76%
24							
25	Capital Structure						
26	Debt %	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%
27	Equity %	84.13%	84.13%	84.13%	84.13%	84.13%	84.13%
28							
29	Total Equity (ln. 19 x ln. 27)	\$ 27,851,662	\$ 796,240	\$ -	\$ -	\$ -	\$ 28,647,902
30							
31	Authorized Return on Equity	9.20%	9.20%	9.20%	9.20%	9.20%	9.20%
32							
33	Return on Equity (Ln. 16 + ln. 29)	9.20%	8.58%	0.00%	0.00%	0.00%	9.18%

DECISION NO.

74437

Liberty Utilities (Litchfield Park Water & Sewer) Corp.
Plan of Administration
System Improvement Benefit Mechanism ("SIB")-Wastewater
Docket No. SW-01428A-13-0042

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EXHIBITS

SIB PLANT TABLE I	Exhibit 1
SIB PLANT TABLE II	Exhibit 2
SIB SCHEDULE A - CALCULATION OF OVERALL SIB REVENUE REQUIREMENTS AND EFFICIENCY CREDIT	Exhibit 3
SIB SCHEDULE B - CALCULATION OF SIB TRUE-UP REVENUE REQUIREMENTS ADJUSTMENT	Exhibit 4
SIB SCHEDULE C - TYPICAL BILLS ANALYSIS	Exhibit 5
SIB SCHEDULE D - SUMMARY OF REVENUE AND RATE BASE IMPACTS INCLUDING EARNINGS TEST	Exhibit 6

Liberty Utilities (Litchfield Park Water & Sewer) Corp.
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I. GENERAL DESCRIPTION

This document is the Plan of Administration ("POA") for the System Improvement Benefit ("SIB") Mechanism approved for the Wastewater Division of Liberty Utilities (Litchfield Park Water & Sewer) Corp.) ("Company") by the Arizona Corporation Commission ("ACC" or "Commission") in Decision No. _____ on _____. The SIB provides for recovery of the capital costs (return on investment, income taxes and depreciation expense) associated with collection system improvement projects listed in SIB Plant Table I that have been verified to be completed¹ and placed in service per SIB Plant Table II and where costs have not been included in rate base for recovery in Decision No. _____. These projects are necessary to provide and continue to provide proper, adequate and reliable service to existing customers; are not designed to serve or promote customer growth; and will not comprise an upgrade or expansion of existing plant unless justified for existing customers per Section V below. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB.

II. DEFINITIONS

- NARUC – National Association of Regulatory Utility Commissioners.
- SIB – System Improvement Benefit mechanism to be implemented between rate proceedings to support investment in plant recorded in SIB Eligible NARUC accounts.
- SIB Eligible Plant – Investments in plant recorded in SIB Eligible NARUC accounts.
- SIB Eligible NARUC accounts:
 - NARUC Account No. 361 – Collection Sewers - Gravity
 - NARUC Account No. 363 – Services to Customers
- SIB Plant Table I (Excerpt attached as Exhibit 1) – The schedule of planned SIB eligible projects approved in the Company's most recent rate case decision.

¹ Acceptable forms of verifications may include the Maricopa County Environmental Services Department Approval of Construction, a Professional Engineer's Certificate of Completion, etc.

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- SIB Plant Table II (Sample attached as Exhibit 2) – The schedule of completed and verified SIB eligible projects, from SIB Plant Table I and associated retirements.
- SIB Revenue Requirement – The revenue requirement equal to the return on investment, income taxes and depreciation expense necessary to support the SIB Plant Table II amounts.
- SIB Revenue Requirement Efficiency Credit – An amount equal to 5 percent of the SIB Revenue Requirement.
- SIB Authorized Revenue – Amount equal to the SIB Revenue Requirement less the SIB Revenue Requirement Efficiency Credit plus any SIB True up Adjustment.
- Gross SIB Surcharge – Amount to be shown on customers' bills based on service sizes without consideration to the SIB Surcharge Efficiency Credit.
- SIB Surcharge Efficiency Credit – An amount equal to 5 percent of the Gross SIB Surcharge to be shown on customers' bills.
- SIB Surcharge – The amount equal to the Gross SIB Surcharge less the SIB Surcharge Efficiency Credit to be charged based on service size, calculated to recover the SIB Authorized Revenue, to be shown on the customers' bills.
- SIB True-up Adjustment – An amount to adjust for over or under collection of the SIB Authorized Revenues as compared with the total SIB Surcharges collected for the preceding 12-month period. Each true-up shall also analyze the cumulative over or under collections to include a comparison of all past SIB Authorized Revenues, total SIB Surcharges, and prior true-ups to be used in calculation of the SIB true-up surcharge or credit.
- Total Revenue Requirement – The revenue requirement approved in Decision No. _____ plus the SIB Revenue Requirement.

III. SIB RELATED FILINGS

- A. Progress Reports – Once a SIB is approved in a decision, the Company must file with Docket Control semi-annual status reports delineating the status of all SIB Eligible Plant, on a project by project basis as listed in SIB Plant Table I, ~~starting 6 months after the decision and every 6 months thereafter.~~

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- B. Reconciliation and True Up — Once a SIB Surcharge is implemented, the Company must file annually to true up its SIB Surcharge collections over the preceding twelve months with the SIB Authorized Revenue for that period and establish a surcharge or credit to true up over or under collections, regardless of whether it seeks a new surcharge. ~~The filing dates for these annual true-ups shall be as established in the Commission's Decision approving the SIB Surcharge.~~
- C. SIB Surcharge Requests — ~~To obtain its SIB Surcharge the Company must file the following:~~
1. SIB Plant Table II (with supporting information and documentation), showing the SIB eligible projects completed for which the Company seeks cost recovery. Such projects must:
 - a) be projects listed in the Company's initial SIB Plant Table I, approved in Decision No. , or have been added to said SIB Plant Table I pursuant to Section V of this POA;
 - b) have been completed by the Company;
 - c) have been verified; and
 - d) be actually serving customers.
 2. A summary of Commission approved SIB-eligible projects contemplated for the next twelve (12)-month SIB surcharge period from SIB Plant Table I.
 3. SIB Schedule A (sample attached as Exhibit 3), showing a calculation of the SIB Revenue Requirement and SIB Revenue Requirement Efficiency Credit, SIB Authorized Revenue, Gross SIB Surcharge, SIB Surcharge Efficiency Credit, and the SIB Surcharge. ~~Schedule A shall be supported by revenue requirements schedules supporting the revenue requirements in Decision No. and the pro-forma revenue requirements including the effects of SIB Eligible Plant.~~
 4. SIB Schedule B (sample as attached Exhibit 4) showing the overall SIB True-up Adjustment calculation for the prior twelve-month SIB Surcharge period, as well as the individual SIB True-up Adjustment for each service size.

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5. SIB Schedule C (sample as attached as Exhibit 5) showing the effect of the SIB Surcharge on a typical residential customer bill.
6. SIB Schedule D (sample as attached Exhibit 6) which shall include an analysis of the impact of the SIB Eligible Plant on the fair value rate base, revenue, and the fair value rate of return. The Company shall also file the following:
 - a) the most current balance sheet at the time of the filing;
 - b) the most current income statement;
 - c) an earnings test schedule;
 - d) a rate review schedule (including the incremental and pro forma effects of the proposed increase);
 - e) an adjusted rate base schedule; and
 - f) a Construction Work in Progress ledger (for each project showing accumulation of charges by month and paid vendor invoices).
- D. The Company will maintain and provide Excel schedules with formulae intact supporting the revenue requirements approved in the rate decision that approved the SIB and provide same Excel schedules to incorporate the effects of SIB Eligible Plant for the current SIB Surcharge Request and any previously approved Surcharge and True-up requests.
- E. The Company may make its initial SIB Surcharge Request through Docket Control no earlier than twelve months after the entry of Decision No. _____.
- F. The Company may make no more than one SIB Surcharge Request every twelve months with no more than five SIB Surcharge Requests between rate case decisions. A True-up must be filed with each Surcharge Request, except the first.
- G. Unless otherwise authorized by the Commission, the Company shall be required to file its next general rate case no later than June 30, 2019, with a test year ending no later than December 31, 2018.

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- H. Any SIB Surcharges that are in effect shall be reset to zero upon the date new rates become effective in the Company's next general rate case.
- I. ~~The Company may request to add Plant to SIB Table I only under emergency circumstances. Any additions or modifications to SIB Plant Table I must be approved by the Commission.~~

IV. SURCHARGE CALCULATIONS

A. Calculations of Amounts to Be Collected By the SIB Surcharge

1. The amount to be collected by the SIB Authorized Revenue shall be equal to the SIB Revenue Requirement minus the SIB Revenue Requirements Efficiency Credit plus any SIB True up Adjustment.

For purposes of calculating the SIB Revenue Requirement:

- a. The required rate of return is equal to the overall rate of return authorized in Decision No. _____.
 - b. The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. _____; and
 - c. The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. _____.
2. The project cost to be used in calculating the SIB Revenue Requirement shall be the lesser of the actual project cost listed in SIB Plant Table II or 110 percent of the estimated cost listed in SIB Plant Table I as approved in Decision No. _____. Unit costs shall be used if actual units constructed are less than estimated in SIB Plant Table I.
 3. The amount to be collected by each SIB Surcharge Request shall be capped annually at five percent of the revenue requirement authorized in Decision No. _____.

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B. Reconciliation And True-Ups

1. The revenue collected by the total SIB Surcharges over the preceding twelve months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.
2. A new SIB Surcharge shall be combined with an existing SIB Surcharge such that a single SIB surcharge and SIB Efficiency Credit are shown on a customer's bill.
3. For each twelve (12) month period that a SIB surcharge is in effect, the Company shall reconcile the amounts collected by the SIB Surcharge with the SIB Authorized Revenue for that twelve (12)-month period, consistent with Schedule B, attached hereto as Exhibit B.
4. Any under- or over-collected SIB Authorized Revenues shall be recovered or refunded, without interest, over a twelve-month period by means of a SIB True-up Surcharge or Credit.
5. Starting with the second annual SIB Surcharge, where there are over or under-collected balances, such over or under-collected balances shall be carried over to the next year and considered in the calculation of the new SIB True-up Surcharge or Credit. If, after the five-year period there remains an over or under-collected balance, such balance shall be reset to zero, and addressed in the next rate case.

C. Earnings Test

1. Once a SIB Surcharge is in effect, the Company shall be required to perform an annual earnings test calculation for each SIB Surcharge Request to determine whether the actual rate of return reflected by the operating income for the affected system or division for the relevant 12-month period exceeded the most recently authorized fair value rate of return for the affected system or division.
2. The earnings test shall be:
 - a) based on the most recent available operating income,
 - b) adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case; and

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c) based on the rate base adopted in the most recent general rate case, updated to recognize changes in plant, accumulated depreciation, contributions in aid of construction, advances in aid of construction, and accumulated deferred income taxes through the most recent available financial statement (quarterly or longer).

V. ADDING PROJECTS TO SIB TABLE I UNDER EMERGENCY CIRCUMSTANCES

- A. The Company can seek Commission approval to add projects in SIB Plant Table I only in the event of emergency circumstances. No such changes may be made without Commission approval.
- B. Any addition to SIB Plant Table I must be plant investment that maintains or improves existing customer service, system reliability, integrity and safety. Eligible plant additions are limited to plant replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.
- C. To be eligible for SIB treatment, a project must be SIB Eligible Plant.
- D. SIB Eligible Plant must satisfy at least one of the following conditions:
 1. Replacement Plant is necessary to address excessive infiltration and inflow ("I/I") adversely affecting treatment plant, and indicating the probability of sewer system collapse causing a public health and safety hazard.
 2. Plant assets that have remained in service beyond their useful service lives (based on the Company's system's authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;
 3. Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than the Company's negligence or improper maintenance, including, but not limited to:
 - a. A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life;

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- b. Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision if the Company can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.

VI. RATE DESIGN

A. The SIB Surcharge rate design shall be calculated as follows:

- 1) The SIB Surcharge shall be a fixed monthly surcharge containing a Gross SIB Surcharge and the SIB Surcharge Efficiency Credit as its two components.
- 2) The SIB Surcharge shall be calculated by dividing the SIB Authorized Revenue by the number of equivalent active 4-inch services at the end of the most recent twelve (12) month period, and shall increase with service size based on the following meter capacity multipliers:

Service Lateral Size	Factor
4-inch	1
6-inch	2.25
8-inch	4
10-inch	6.25

B. The SIB Surcharge shall apply to all of the Company's customers.

VII. SURCHARGE IMPLEMENTATION

A. SIB surcharges shall not become effective until approved by the Commission.

B. At least 30 days prior to the SIB surcharge becoming effective, the Company shall provide public notice in the form of a billing insert or customer letter in a form acceptable to Staff. Such notice shall include the following information:

1. The individual Gross SIB Surcharge, by service size;
2. The individual SIB Surcharge Efficiency Credit, by service size;
3. SIB Surcharge, by service size; and

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4. Directions where the customer may obtain a summary of the projects included in the current SIB Surcharge Request, including a description of each project and its cost.

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LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.

Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

SIB Schedule A

Line No.	[A]	[B]
1	<u>WASTEWATER DIVISION</u>	
2	\$ 10,704,021	
3		
4		
5	5.00%	
6		\$ 535,201
7		
8	\$ 825,800	
9		
10		
11		
12		
13		
14		
15		
16		
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A

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

Docket No. SW-01428A-13-0042 et al.

Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]		
CALCULATION OF INDIVIDUAL SIB FIXED SURCHARGE AND EFFICIENCY CREDIT									
		No. of Customers 12/31/2012	Total Revenue Requirement	Total Efficiency Credit	SIB Surcharge			SIB Efficiency Credit	
					Individual Fixed Surcharge	Annual Revenue by Meter Size	Individual Fixed Credit	Annual Refund by Meter Size	
Customer Meter Size									
1									
2									
3									
4									
5									
6									
7									
8									
9		16,157	\$ 124,012	(6,201)	\$ 0.64	\$ 124,012	\$ (0.03)	(6,201)	
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
		16,157	124,012	(6,201)		124,012			

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B

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

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Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

SIB Schedule B

Line No.	CALCULATION OF OVERALL SIB REVENUE TRUE-UP FROM PRIOR 12-MONTH SIBA SURCHARGE PERIOD	
	[A]	[B]
1	Overall SIB Revenue Requirement from Prior 12-Month SIB Surcharge Period	
2	\$ 124,012	
3	Overall SIB Efficiency Credit from Prior 12-Month SIB Surcharge Period	
4	\$ (6,201)	
5		
6		\$ 117,812
7	Total SIB Revenue Requirement Net of Efficiency Credit - Prior 12-Month SIB Surcharge Period	
8	\$ 125,000	
9	Total SIB Surcharge Revenues from Prior 12-Month SIB Surcharge Period	
10	\$ (10,000)	
11		
12		\$ 115,000
13	Total SIB Surcharge Revenues Net of Efficiency Credit from Prior 12-Month SIB Surcharge Period	
14		2,812
15	Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (ln. 6 - ln. 12)	
16		
17		
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Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2013

CALCULATION OF INDIVIDUAL SIB FIXED TRUE-UP SURCHARGE/CREDIT				
Line No.	Customer Meter Size	No. of Customers 12/31/2012	SIB True-Up Surcharge/(Credit) Fixed Surcharge / (Credit)	Annual Revenue by Meter Size
1				
2				
3				
4				
5				
6				
7				
8		16,157	\$ 0.01	\$ 2,812
9	Per Customer			
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
Totals			\$ 16,157	\$ 2,812
Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (p. 1, ln. 14)				
Individual SIB Fixed True-Up Surcharge/(Credit) Per Customer (ln. 24 + col. A, ln. 19 + 12)				
			\$	2,812
				0.01

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②

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Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2013

SIB Schedule C

[A]	[B]	[C]	[D]	[E]	[F]	[G]
WASTEWATER DIVISION - Residential Customer						
			SIB			
		SIB	True-Up	Total	Net	Percent
		Fixed	Surcharge /	Pro Forma	SIB	SIB
		Surcharge	(Credit)	Bill	Increase	Increase
Present						
Bill						
\$	40.35	\$	0.64	\$	0.01	\$
		(0.03)		\$	40.97	\$
					0.62	1.5%

Average Residential Bill

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

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D

LIBERTY UTILITIES (LITCHFIELD PARK WATER & SEWER) CORP.

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Calculation of Overall SIB Revenue Requirement and Individual Surcharge

As of December 31, 2013

SIB Schedule D

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	WASTEWATER DIVISION						
Line No.	Per Decision XXXXX	Net SIB Step-1 Increase	Net SIB Step-2 Increase	Net SIB Step-3 Increase	Net SIB Step-4 Increase	Net SIB Step-5 Increase	Pro Forma With SIB
1	Total Operating Revenue	\$ 10,704,021	\$ 117,812	\$ -	\$ -	\$ -	\$ 10,821,833
2							
3	Operating Expenses						
4	Operations & Maintenance	\$ 5,248,021	\$ -	\$ -	\$ -	\$ -	\$ 5,248,021
5	Depreciation & Amortization	1,622,887	11,516	-	-	-	1,634,403
6	Taxes Other than Income	553,295	-	-	-	-	553,295
7	Income Taxes	1,161,767	38,925	-	-	-	1,200,692
8	Total Operating Expenses	\$ 8,585,970	\$ 50,441	\$ -	\$ -	\$ -	\$ 8,636,411
9							
10	Operating Income (ln. 1 - ln. 8)	\$ 2,118,051	\$ 67,371	\$ -	\$ -	\$ -	\$ 2,185,422
11							
12	Interest Expense						
13	Weighted Avg. Cost of Debt	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%
14	Interest Expense (ln. 13 x ln. 19)	\$ 245,700	\$ 8,304	\$ -	\$ -	\$ -	\$ 254,003
15							
16	Net Income (ln. 10 - ln. 14)	\$ 1,872,351	\$ 59,067	\$ -	\$ -	\$ -	\$ 1,931,418
17							
18							
19	Rate Base - O.C.L.D.	\$ 24,190,673	\$ 817,542	\$ -	\$ -	\$ -	\$ 25,008,215
20							
21	Return on Rate Base - O.C.L.D. (ln. 10 + ln. 19)	8.76%	8.24%	0.00%	0.00%	0.00%	8.74%
22							
23	Authorized Return on Rate Base	8.76%	8.76%	8.76%	8.76%	8.76%	8.76%
24							
25	Capital Structure						
26	Debt %	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%
27	Equity %	84.13%	84.13%	84.13%	84.13%	84.13%	84.13%
28							
29	Total Equity (ln. 19 x ln. 27)	\$ 20,351,613	\$ 687,798	\$ -	\$ -	\$ -	\$ 21,039,411
30							
31	Authorized Return on Equity	9.20%	9.20%	9.20%	9.20%	9.20%	9.20%
32							
33	Return on Equity (Ln. 16 + ln. 29)	9.20%	8.59%	0.00%	0.00%	0.00%	9.18%

DECISION NO. 74437

WATER DIVISION**MONTHLY MINIMUM CHARGE (All Classes):**

5/8" x 3/4" Meter	\$	13.26
3/4" Meter		13.26
1" Meter - Residential		29.84
1" Meter		33.15
1 1/2" Meter		66.30
2" Meter		106.08
3" Meter		212.16
4" Meter		331.50
6" Meter		663.00
8" Meter - Bulk Water Only		575.00
8" Meter		1,060.80
10" Meter		1,524.90
12" Meter		2,850.90

COMMODITY CHARGE - Per 1,000 Gallons:**5/8 x 3/4-Inch Meter - Residential**

0 gallons to 3,000 gallons	\$	0.750
3,001 gallons to 10,000 gallons		1.950
10,001 gallons to 20,000 gallons		2.950
Over 20,000 gallons		3.456

3/4-Inch Meter - Residential

0 gallons to 3,000 gallons	\$	0.750
3,001 gallons to 10,000 gallons		1.950
10,001 gallons to 20,000 gallons		2.950
Over 20,000 gallons		3.456

5/8 x 3/4-Inch Meter - Commercial and Irrigation

0 gallons to 9,000 gallons	\$	1.950
Over 9,000 gallons		3.456

3/4-Inch Meter - Commercial and Irrigation

0 gallons to 9,000 gallons	\$	1.950
Over 9,000 gallons		3.456

1-Inch Meter - Residential

0 gallons to 5,000 gallons	\$	0.750
5,001 gallons to 19,000 gallons		1.950
19,001 gallons to 30,000 gallons		2.950
Over 30,000 gallons		3.456

1-Inch Meter - All Classes except Residential

0 gallons to 20,000 gallons	\$	1.950
Over 20,000 gallons		3.456

1 1/2-Inch Meter - All Classes

0 gallons to 40,000 gallons	\$	1.950
Over 40,000 gallons		3.456

2-Inch Meter - All Classes

0 gallons to 60,000 gallons	\$	1.950
Over 60,000 gallons		3.456

3-Inch Meter - All Classes

0 gallons to 120,000 gallons	\$	1.950
Over 120,000 gallons		3.456

4-Inch Meter - All Classes

0 gallons to 180,000 gallons	\$	1.950
Over 180,000 gallons		3.456

6-Inch Meter - All Classes

0 gallons to 360,000 gallons	\$	1.950
Over 360,000 gallons		3.456

8-Inch Meter - Bulk Resale Only

All gallons	\$	1.650
-------------	----	-------

8-Inch Meter - All Classes

0 gallons to 650,000 gallons	\$	1.950
Over 650,000 gallons		3.456

10-Inch Meter - All Classes

0 gallons to 940,000 gallons	\$	1.950
Over 940,000 gallons		3.456

12-Inch Meter - All Classes

0 gallons to 1,248,000 gallons	\$	1.950
Over 1,248,000 gallons		3.456

Construction - Hydrants

All gallons	\$	3.456
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SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable Pursuant to A.A.C. R14-2-405)

	Service Line	Meter Installation	Total
5/8" x 3/4" Meter	\$ 445.00	\$ 155.00	\$ 600.00
3/4" Meter	445.00	255.00	700.00
1" Meter	495.00	315.00	810.00
1-1/2" Meter	550.00	525.00	1,075.00
2" Turbine Meter	830.00	1,045.00	1,875.00
2" Compound Meter	830.00	1,890.00	2,720.00
3" Turbine Meter	At Cost	At Cost	At Cost
3" Compound Meter	At Cost	At Cost	At Cost
4" Turbine Meter	At Cost	At Cost	At Cost
4" Compound Meter	At Cost	At Cost	At Cost
6" Turbine Meter	At Cost	At Cost	At Cost
6" Compound Meter	At Cost	At Cost	At Cost
8" & Larger Meters	At Cost	At Cost	At Cost

HYDRANT METER DEPOSIT:*

5/8" x 3/4" Meter	\$ 135.00
3/4" Meter	215.00
1" Meter	255.00
1 1/2" Meter	465.00
2" Turbine Meter	965.00
2" Compound Meter	1,690.00
3" Turbine Meter	1,470.00
3" Compound Meter	2,265.00
4" Turbine Meter	2,350.00
4" Compound Meter	3,245.00
6" Turbine Meter	4,545.00
6" Compound Meter	6,280.00
8" & Larger Meters	At Cost

* Shall have a non-interest bearing deposit of the amount indicated, refundable in its entirety upon return of the meter in good condition and payment of the final bill.

MISCELLANEOUS SERVICE CHARGES:

Establishment	\$ 20.00
Re-Establishment (Within 12 Months)	(a)
Reconnection	\$ 20.00
Meter Test (if correct)	25.00
Meter Re-read (if correct)	5.00
Fire Hydrant Meter Relocation	50.00
Fire Hydrant Meter Repair	At Cost
Deposit	(b)
Deposit Interest	6.00%
NSF Check	\$ 25.00

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Deferred Payment, Per Month		1.50%
Late Charge		(c)
After Hours Service Charge, Per Hour*	\$	40.00

(a) Number of full months off the system times the monthly minimum, per A.A.C. R14-2-403(D).

(b) Per A.A.C. R14-2-403(B). Residential – two times the average monthly bill. Non-residential – two and one half times the average monthly bill.

(c) Greater of \$5.00 or 1.50% of unpaid balance.

* For After Hours Service Calls for work performed on the customer's property after hours, at customer's request. In addition to the charge for any utility service provided.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX, PER A.A.C. R14-2-409(D)(5).

WASTEWATER DIVISION**MONTHLY SERVICE:****Residential:**

Residential Service	\$	40.35
Low Income Residential Service		34.30

Multi-Unit Housing – Monthly per Unit		37.46
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Commercial:

Small Commercial Service - Monthly	\$	68.24
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MEASURED SERVICE:**Regular Domestic:**

Monthly Service Charge	\$	38.20
Commodity Charge per 1,000 gallons		3.33

Restaurant, Motel,* Grocery Store, Dry Cleaning Estab.:

Monthly Service Charge	\$	38.20
Commodity Charge per 1,000 gallons		4.45

Wigwam Resort:

Monthly Rate – Per Room	\$	37.46
Main Hotel Facilities – Per Month		1483.47

Schools – Monthly Service Rates:

Elementary Schools	\$	1,008.75
Middle Schools		1,186.77
High Schools		1,186.77
Community College		1,839.50

EFFLUENT SALES:

Charge Per 1,000 gallons	\$	**
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*Motels without restaurants charged Multi-Unit Housing - Monthly per Unit rate

**Market Rate – Maximum effluent rate shall not exceed \$430 per acre foot based on a potable water rate of \$1.32 per thousand gallons

MISCELLANEOUS SERVICE CHARGES:

Establishment	\$	20.00
Reestablishment (within 12 months)		(a)
Reconnection	\$	20.00
NSF Check	\$	25.00
Deferred payment (per month)		1.50%
Deposit		(b)
Deposit Interest		6.00%
Late Charge		(c)
After Hours Service Charge, Per Hour*	\$	40.00
Service Lateral Connection Charge – All Sizes		(d)
Main Extension Tariff		(e)

(a) Number of full months off the system times the minimum charge, per A.A.C. R14-2-603(D).

(b) Per A.A.C. R14-2-603(B). Residential – two times the average monthly bill. Non-residential – two and one half times the average monthly bill.

(c) Greater of \$5.00 or 1.50% of unpaid balance.

(d) At cost. Customer/Developer shall install or cause to be installed all Service Laterals as a non-refundable contribution in aid of construction.

(e) Per A.A.C. R14-2-606(B). All Main Extensions shall be completed at cost and shall be treated as non-refundable contributions in aid of construction.

* For After Hours Service Calls for work performed on the customer's property after hours, at customer's request. In addition to the charge for any utility service provided.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX, PER A.A.C. R14-2-409(D)(5).